

NEWS SUMMARY

GENERAL

Pressure on health pay policy grows

The Government came under pressure to relax the tough line on National Health Service pay, which has provoked industrial action.

The National Association of Health Authorities passed a resolution at its annual conference in Brighton calling on the Government to re-examine its 4 per cent pay offer to health workers.

The resolution was approved immediately before Health Secretary Norman Fowler addressed the conference. Page 5.

Poland rebuked

The International Labour Organisation in Geneva rebuked Poland for suspending the independent trade union Solidarity.

Ulster blast

A policeman was killed and two others seriously injured when a bomb exploded while they were searching a Londonderry garage.

Leader re-elected

The Official Unionist Party in Northern Ireland unanimously re-elected as leader James Moloney, MP for South Antrim.

Rail warning

Transport Secretary David Howell warned that the rail network's future is in jeopardy unless BR can deliver on productivity. Page 5.

Letter apology

The Economic Secretary to the Treasury, Mr Jock Bryce-Gardyne, apologised to the Premier for his comments about the Falklands crisis revealed in a private letter, which was stolen, with the comments subsequently disclosed in the New Statesman.

Mrs Thatcher saw him, after which he retracted the reported comments.

Telecom threat

The 130,000-strong Post Office Engineering Union said it will take "industrial action if necessary" to stop the privatisation of British Telecom. Page 5.

Blaze death

Bachelor Norman Wood, 57, died after dousing his body with petrol and setting himself on fire in a Hartlepool park.

Camel mascot

A camel which was in a film with Anthony Quinn is being flown to Spain as Kuwait's mascot for the World Cup soccer finals, which start tomorrow. Bookmakers have made Brazil 15-8 favourites and England 10-1. Feature, Page 17.

Test score

England were 433 all out and India 92 for five at the end of the second day's play in the First Test, at Lord's.

Briefly . . .

Turkey is to hold a referendum on a new constitution by November 14. Page 2.

Baby boy was found dead in his home in Stockport, after a fire. Page 21.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISES	FALLS
Exr 14p	1.02p + 1	
Treas 14p '80-'81	1.03p + 1	
Bairstow Eves	55 + 4	
Control Secs	45 + 21	
Sun (UK) Rely	265 + 15	
Barlow Hedges	69 + 9	
Erskine Grass	155 + 8	
Greaterman's A	310 + 50	
Heath (C. E.)	335 + 13	
Horizon Travel	205 + 7	
Jardine Matheson	173 + 11	
Pilkington	235 + 10	
Flessey	488 + 8	
Routledge Kegan Paul	245 + 20	
Royal Insurance	360 + 13	
Second City Props	60 + 6	
Sun 'Life	556 + 16	
Tilbury Group	545 + 10	
Turner Newall	66 + 3	
UKO Int	42 + 5	
Vickers	154 + 5	
	Willis Faber	493 + 11
	Candecca	237 + 9
	Maritz	125 + 13
	Shell Transport	228 + 10
	Sun (UK) Rely	265 + 15
	Barlow Hedges	69 + 9
	CRA	172 + 10
	Gons Gold Fields	342 + 9
	RTZ	388 + 11
	Western Mining	196 + 8
	Burco Dén	25 - 3
	Chamring	350 - 20
	Minet	215 - 5
	Sonic Sound	44 - 4
	Sethes	270 - 5
	Ward Goldstone	75 - 27
	Wigfall (H)	112 - 57
	Tilbury Group	545 - 10
	De Beers Deed	184 - 9
	Pacific Copper	60 - 8
	Welkom	332 - 20

BUSINESS

\$ falls; equities and gilts recover

• DOLLAR fell to DM 2.395 (DM 2.411, SwFr 2.0575) and Y247.5 (Y249). But it rose to a record FF 6.235 (FF 6.295). Its trade weighted index was 116.7 (117.2). Page 23.

• STERLING gained 1 cent to \$1.775. It fell to DM 4.2825 (DM 4.2875), was unchanged at SwFr 1.633 and rose to FF 11.238 (FF 11.11). Its trade weighted index remained at 90.4. Page 23.

• GOLD fell \$2.375 to \$326.5 in London. In New York, the Comex June close was \$327.75 (\$326.75). Page 21.

• EQUITIES rallied on news of the ceasefire in Lebanon.

• GOLDEN FROST Industrial Ordinary Index

• GILTS also strengthened. The Government Securities index added 0.4 to 70.18. Page 24.

• WALL STREET was up 11.6 to 826.21 near the close. Page 20

• EUROPEAN STEEL exporters were ordered by U.S. to pay cash equivalent to domestic subsidies on 3.8m tonnes of steel sold in U.S. in 1981. Back Page

• JAPAN'S gross national product grew by 2.7 per cent in fiscal year 1981, the slowest rate since 1974. Page 2.

• BUILDING SOCIETIES

loaned a record £1.2bn last month and net receipts, at £478m, were the highest for 19 months. Page 4.

• WATER INDUSTRY white-collar staff negotiators rejected a 7 per cent pay offer. Page 5.

• PILINGTON BROTHERS

glass manufacturer, reported pre-tax profits down £27.6m to £53.4m for the year to March 31, but the dividend total is being held at 10.5p. Page 18; Lex. Back Page.

• BOP OIL, UK refining and marketing arm of BP, is to close nine oil distribution terminals with the loss of 390 jobs. Page 4.

• PILKINGTON BROTHERS

glass manufacturer, reported pre-tax profits down £27.6m to £53.4m for the year to March 31, but the dividend total is being held at 10.5p. Page 18; Lex. Back Page.

• ALFA ROMEO, Italian motor manufacturer, reported losses of £97m (F1m) for 1981. Page 21.

SWINGS

TRAVEL

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OVERSEAS NEWS

Japanese GNP grows by only 2.7%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S gross national product grew by 2.7 per cent in fiscal year 1981, compared with 3.7 per cent in 1980, the slowest since the immediate aftermath of the first oil crisis, the government said yesterday.

Rather more than half the total growth (1.8 per cent) was provided by the external sector of the economy during the year. But this figure masks a fairly sharp change in the economy's behaviour between the first and second halves of the year.

From April to September last year the external sector provided more than three quarters of the growth. In the third quarter (October to December), exports made a negative contribution to GNP. In the fourth quarter (January to March) a quarter, about 75 per cent of total growth came from the domestic sector.

The very low fiscal 1981 growth figure, which contrasts with an original government forecast for the year of 4.7 per cent, means that the economy has started from a much lower base than was anticipated in fiscal year 1982. The Government's fiscal 1982 forecast of 3.2 per cent is already admitted to be at least 1.5 percentage points too high as a result of this.

Many private forecasters have suggested that a second year of less than 3 per cent growth may well be in prospect.

The very low figures (by Japanese standards) for the be-

haviour of the economy in fiscal 1981 will result in a serious tax shortfall for the year which is expected to intensify an already serious fiscal dilemma. The exact amount of the tax fall will be announced later this month but it seems almost certain to exceed Y2,000bn (US\$1.5bn). This amount will have to be made up by additional issues of deficit covering bonds later this year.

Japan's economy failed to perform according to expectations last fiscal year because domestic demand suddenly refused to pick up during the first six months of the year and because of a much greater slowdown than expected in exports during the second half. Exports were growing at year-to-year rates of more than 30 per cent at the start of the year but by only 6 per cent during the October-December quarter.

The sharp slowdown reflected the imposition of "voluntary restraint" on some Japanese export industries (such as cars) combined with sharply declining demand in Western markets.

During the January-March quarter, the GNP grew by 0.8 per cent over the previous quarter's level.

Domestic consumption made a 1 per cent contribution to overall GNP growth. The external sector contributed 0.2 per cent. There were negligible contributions from sectors such as private foreign investment and housing.

Reagan jubilant after budget battle win

BY ANATOLE KALETSKY IN WASHINGTON

A JUBILANT President Reagan declared yesterday that the U.S. is back on the road to economic strength after Thursday's "terrible" victory for conservative Congressmen in the four month battle of the budget.

But Democratic Party leaders warned that the toughest decisions still lie ahead for the coalition of Republicans and conservative Democrats which pushed the conservative budget proposals backed by President Reagan through the House of Representatives by a narrow margin.

The House budget, which allows for a \$99.3m (£56.3bn) deficit, will have to be reconciled over the next two weeks with a somewhat different version, also supported by the President, which was passed in May by the Senate. The Senate budget contains a \$115.9bn deficit. That should be relatively easy since both budgets are based on the same philosophy.

After a reconciled budget is passed by both chambers of Congress, however, legislation implementing each of the specific tax and spending proposals will still be required. Democratic Party leaders will then make their toughest partisan attacks. Indeed, they made clear yesterday that, despite the majority they nominally control in the House of Representatives, they decided not to block passage of the conservative budget.

The party's strategy now is to allow President Reagan and the Republicans to implement their general programme and to make maximum political capital out of the hardship which the Democrats believe it will cause.

With their eyes on the Congressional elections in November, many Democrats will vote against specific spending cuts and tax increases in order to force the President and his Republican supporters to take full and open responsibility for their measures. Some of the

most contentious proposals may lead to the Congress passing spending Bills which break budget ceilings. It will then be left to the President to intervene personally to stop such popular Bills by using his veto.

The Democrats hope that even Republicans who voted for the tough budgets in the House and Senate may shrink from going on record against popular proposals just before the November elections. One possible indication of problems to come is a Bill creating a \$3bn of mortgage subsidies in order to revive the housing industry—which passed this week through both chambers of Congress despite Mr Reagan's veto opposition.

The budget plan adopted by the House and the Senate provide for about \$20bn in new taxes in 1983 but exclude any possibility of tampering with the 10 per cent income tax cut planned for that year by President Reagan. They both permit a 7 per cent real increase in defence spending and include deep cuts in welfare, medical, housing, educational and transport programmes.

They carefully steer clear, however, of any reductions in Social Security pensions. The House budget version also rejects cuts proposed by the Senate in the "medicare" programme for elderly people of middle income, cutting deeper into the "medicaid" programme for the very poor instead.

There was no inflation at the wholesale level during May in the U.S. The Labour Department reported yesterday. The zero rate of increase in the department's producer price index during May means that the annualised rate of wholesale inflation so far this year is only 0.4 per cent. For three out of the past four months wholesale prices have either fallen or remained static.

Brazilian industry winds down for World Cup

BY ANDREW WHITLEY IN LONDON AND MARGUERITE TARRANT IN SAO PAULO

BRAZIL IS preparing for a national party to end all parties when its football team steps out on to the field for the World Cup in Spain.

For four weeks from tomorrow shops and offices will empty, industry will virtually grind to a halt and any decision that can possibly be put off will be put off.

Three times the World Champions, Brazilian national pride was deeply hurt last time round. In 1978, when their arch-rivals Argentina beat them in the final rounds in Buenos Aires. This time 125,000 fans led by President Joao Figueiredo himself will be urging their team on to revenge.

For weeks, Brazilians have been preparing for their favourite obsession (matched, perhaps, by sex and cachaço, the local sugar cane alcohol). National sales of colour television sets and transistor radios in May were up 11 per cent and 20 per cent respectively on last year's figures. The cachaço distilleries have been working overtime to keep up with demand.

The U.S. President, greeted by demonstrators in Berlin yesterday, faces the same problem at home



Mr Reagan at Checkpoint Charlie as police spray rock throwing protesters with water cannon.

Reagan glimpsed through security cocoon

BY LESLIE COLITT IN BERLIN

PRESIDENT Ronald Reagan yesterday presented his vision of a "genuine defense" to a selected audience of 20,000 West Berliners at Charlottenburg Palace, who waved American flags and applauded as he quoted the popular Berlin song "Berlin bleibt doch Berlin" (Berlin remains Berlin).

Outside this security cocoon, street battles raged between thousands of radical demonstrators and West Berlin riot police. Mr Reagan witnessed none of the hostilities surrounding him but to many West Berliners, who like to see presidents in the flesh, his isolation left a slightly bitter after taste.

When the late President John F. Kennedy visited Berlin nearly 20 years ago, the streets were

packed with enthusiastic West Berliners chanting "Ken-ney-dy" while he responded with "Ich bin ein Berliner" from the steps of Rathaus Schoenesberg.

Security has grown tighter with each successive visit by American presidents and this time it almost entirely enclosed the natives. An almost successful attempt on President Reagan's life in Washington, along with threats from the West German revolutionary cells and rallies in West Germany and West Berlin against the president's nuclear policies was all to blame.

Yesterday the streets of West Berlin were almost deserted as President Reagan was driven at high speed or helicoptered from

point to point. The overwhelming majority of West Berliners who previously had said they were all in favour of President Reagan's visit, remained in their factories, offices and homes and save the maximum security event on television. Most of the 60,000 West Berliners who had staged a peaceful protest the previous day against the President's nuclear policies also stayed off the streets after the police banned a planned anti-Reagan rally during his visit.

Several thousand young rockers and punks however gathered on Nollendorfplatz to test the police edict. Riot police surrounded them with a barrier and when some of the young people crossed it they

were met with tear gas and water cannon. Ten batons were joined and paving stones and Molotov cocktails rained down on the police. Cars were overturned and set afire by the rioters as barricades and shop windows were smashed and displays looted.

The demonstrators ran towards West Berlin's main boulevard Kurfürstendamm, smashing store windows on their way. It was a classic Berlin confrontation that from the rioters nearly forgot their original target and aimed their fury at the police.

Scores were injured on both sides and some 200 rioters were arrested; in addition to the 80 potential trouble makers from West Germany who had tried to enter the city by car during

the night and were detained by the police.

Many more West Berliners saw the riot than were able to catch a glimpse of President Reagan visiting the wall at Checkpoint Charlie. Security officials had drawn such a wide cordon around the area that from a clutch of newsmen, only East German border guards were able to see him. Although armed to the teeth they were apparently not regarded as a danger to the President.

When President Reagan left West Berlin several West Berliners were heard to say that they felt as if he had never really visited the city. It took a replay on television to convince them he had.

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Turkey sets referendum deadline

ANKARA—A national referendum will be held on Turkey's new constitution by November 14 at the latest, the official Anatolia news agency reported yesterday.

Work had already begun on voter registration for the referendum, the agency said, and an estimated 23m Turks eligible to vote would be asked to file their registration in September.

Large portions of Turkey's liberal 1960 constitution were abrogated when five generals ousted the civilian government in a bloodless coup in September 1980. The generals have promised to return power to civilians following free elections scheduled to be held either in the autumn of 1983 or the spring of 1984.

A 160-member consultative assembly has been drafting a new constitution, which is expected to strengthen the executive branch.

This version is expected to be completed by July, when the National Security Council, made up of the generals now ruling Turkey with extraordinary legislative and executive powers, will study the draft and make necessary changes.

If the Turkish voters approve the new constitution, the Consultative Assembly would prepare laws for resumption of political activities.

AP

Europe probes U.S. soda ash 'dumping'

By Sue Cameron

THE European Commission is launching an anti-dumping investigation into imports of soda ash from the U.S.—chiefly on behalf of the UK-based Imperial Chemical Industries.

ICI, which has always had total domination of the UK market, reckons it has lost almost 5 per cent of its sales in Britain to cheap, "unfairly priced" imports from the U.S.

The group calculates that in some cases the dumping margin is as high as 30 per cent.

This means that after the cost of freight, taxes and duty has been deducted, U.S. material is being sold in the UK at prices 30 per cent lower than those being charged ex-factory in America.

ICI, which employs over 2,000 people in its UK soda ash business, believes the position could worsen. Last year, 46,000 tons of soda ash were exported from the U.S. to Britain. But in the first four months of this year alone over 30,000 tons came from the U.S.

U.S. soda ash is now being sold—ex-warehouse—at £94 a ton in Britain, ICI says. But its own price is £100.50 a ton.

The British group has the capacity to produce 1.5m tons a year. Last year it made only 1m tons—largely because demand was down as a result of the recession.

Bad weather hits Soviet grain

By JOHN EDWARDS, COMMODITIES EDITOR

THE SOVIET UNION may suffer another poor grain harvest this year as a result of bad weather hitting key growing regions. The U.S. Department of Agriculture, which normally provides the best assessment of Soviet crops with the aid of satellite pictures, has reduced its latest forecast of the harvest this year by 15m tonnes to a lowly 185m tonnes—well below the official target of 237m tonnes.

If this forecast turns out to be true, it could have serious repercussions. It would mean that the Soviet Union has suffered four bad grain harvests in succession, in spite of strenuous efforts to boost agricultural output. No official figure has yet been given for last year's crop and this reluctance to say anything has tended to confirm rumours that output may have fallen much below 170m.

Stocks of grain in the Soviet Union are now at rock bottom levels, in spite of record imports of over 4m tonnes in the 1981-82 season. It was expected that Russia would be able to import this season even after taking into account the reduced Soviet crop.

tonnes or so. But it will now be under increased pressure to conclude a new long-term grain trade deal with the U.S., as well as buying maximum quantities from other suppliers, such as Argentina, Australia and Canada.

Extra Soviet demand might help lift grain prices from the present depressed level. However supplies available remain more than adequate, with world grain production still expected to reach a near record 1,639m tonnes this season even after taking into account the reduced Soviet crop.

OAU to pull forces out from Chad

By Quentin Peel, Africa Editor

THE Organisation of African Unity (OAU) is to pull its 4,000-man peace-keeping force out of Chad following the seizure of the country's capital, N'Djamena, by rebel forces.

The announcement was made yesterday by President Daniel arap Moi, of Kenya, the current chairman of the OAU, after Nigeria, Senegal and Zaire, the three countries contributing to the force, announced their intention to withdraw.

The move is a rebuff to M Hissène Habré, the former Prime Minister who now controls N'Djamena, who had appealed for the OAU troops to remain.

Financing the peace-keeping force has proved beyond the capacity of the OAU, which had appealed to United Nations member states for assistance. However, withdrawal of the peace-keeping force leaves open the possibility of renewed outside intervention, possibly by Libya, in support of the defeated President Goukouni Oueddeï—although that is thought by most observers to be unlikely.

But the failure to win backing for debt relief, coupled with the modest increase in aid commitments, is likely to aggravate Pakistan's already formidable economic problems.

Bahamas victory

The Bahamas' Progressive Liberal Party Government of Mr Lynden Pindling scored a decisive victory in Thursday's general election, winning 43 Assembly seats but failing to win only 35 per cent of the popular vote, writes Nicki Kelly in Nassau.

Warning to Danes

A rising deficit on the current balance of payments and an outflow of capital from the private sector may make it necessary to tighten Danish monetary policy, Mr Erik Hoffmeyer, the central bank governor, told the annual meeting of the Savings Banks Association, writes Hilary Barnes in Copenhagen.

Portuguese immigrants

The São Paulo Hilton is promoting ethnic foods with a football theme: besides Feijoada, the Brazilian national dish of pork and black beans, there will be Chicken Kiev and Beef Stroganoff when Brazil meets the Soviet Union: woodcock and devilled beef for the game against Scotland; and Gaiolou, a fish soup with spinach, to honour Cameroon.

The tribulations of the humanised orange Page 17



Brazil soccer team practice in Spain

World Cup might cost in lost sales.

Hotels and restaurants hope to turn the games to their advantage. Clyde's, a popular São Paulo eating place, has mounted a large screen projector to draw customers.

The Makson Plaza Hotel, São Paulo's fanciest, has installed 22 TV sets in a banquet room where 800 guests can eat, drink and enjoy the competition.

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FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing offices.

OVERSEAS NEWS

As the Middle East ceasefire is announced, FT writers assess differing views

Sound and fury subsides in Lebanon

BY STEWART DALBY IN METULLA

THERE are worse places to be confined to than Metulla, if you want to reach the Israeli front line inside Lebanon. It is a tree-lined village in the border hills filled with flowers and with sunny pavement hotels and cafes.

It has, nevertheless, been a frustrating incarceration for the last two days.

While the Israeli forces sealed holes in the border fence and allowed the majority of correspondents into Lebanon only on a "Thomas Cook run" to Beaufort Castle, it became obvious that a considerable battle, possibly the major battle in terms of casualties, has taken place north-east of here at the foot of the Bekaa Valley.

With the announcement of the Israeli unilateral ceasefire yesterday at 10 am GMT, it became clear—assuming Israel claims are true—that not only have they managed a substantial victory against the Syrians but also that they have more than attained their minimum objectives on the western and central fronts.

According to Mr Ariel Sharon, the Israeli Defence Minister, the Israeli front-line on the western front is just short of Beirut International airport.

On the central front, it has reached as far as a spot called

Ain Dara, which is some 5 kms south of the main Beirut-Damascus highway just above Ain Zhalta.

On the eastern front, which is the one which seems to have caused most of the trouble for the Israelis, they have reached a point called Ghazze, north of Jounieh.

This last position would mean that, during Thursday night, the Israelis made a lightning push up the Bekaa and drove the Syrians and remnants of the PLO back from the bottom of the large lake at El Qaroun.

From there they were shelling Hasbaya and were almost in range of Marjayoun, the headquarters of Major Sa'ad Haddad and his Christian militia. Now, on the eastern front, the Syrians who have lost 84 aircraft in the conflict, and who have at least four armoured divisions or some 40,000 men in the north-east, have been rolled back to a front line just over 40 kms from the Israeli border at its northernmost point.

Technically, therefore, the Israelis have achieved their one publicly-stated objective before declaring their ceasefire: namely to establish a 40-kilometres wide "cordon sanitair" along Israel's northern border so that Abi-Butm and towns of northern Galilee will no longer be vulnerable to shelling.

It is not known where he was killed, only that it was in an ambush. His death, however, has caused shock waves in Metulla.

All told, the Israelis have suffered 100 dead and over 600 wounded. In 1978 the campaign into Lebanon, deaths were in the mid 20s. The 1978 offensive was just a series of hammer blows compared with this drive.

There are no official figures for the number of forces committed to the offensive, but it is difficult to imagine that less than 60,000 troops have been thrown in, and the figure could be as high as 100,000.

The losses on the other side have been enormous. Correspondents who have managed to reach the coastal town of Sidon say large sections of it have been levelled. They describe women and children walking among the rubble, pleading for water and food and asking incoherently where their daughters and sons have gone, and trying to locate their former homes among the rubble.

The 84 aircraft losses of Mig 21s and 23s by the Syrians represent a substantial chunk of their 450 fighter aircraft. The losses in terms of men and

head of Mossad, the Israeli secret service.

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The 84 aircraft losses of Mig 21s and 23s by the Syrians represent a substantial chunk of their 450 fighter aircraft. The losses in terms of men and

armour have been equally daunting for them, although no casualty figures have been given.

There were thought to have been some 6,000 PLO men in southern Lebanon, but the Israelis admit only to more than 100 prisoners.

Mr Sharon said: "We have inflicted heavy casualties on the PLO. We have destroyed their infrastructure. We have managed to cause the PLO much damage which will influence their activities for a very long time."

But has Israel really put the PLO out of business? As one military spokesman said here this morning: "It may seem like 10 years, but this war is only six days old.

The Israelis have rushed north at such a pace that there is clearly a lot of mopping up left for them to do. It is difficult to see how they can create a cordon sanitair without a protracted guerrilla campaign which would mean an indefinite stay in the country or an effective dismemberment of Lebanon.

After all, 1978 was meant to have solved the PLO problem in southern Lebanon. Despite the presence of nearly 6,000 UN troops, however, the Israelis have again found it necessary to invade a neighbouring state.

Second, the mere holding of territory provides a certain quid pro quo for future negotiations, especially when they concern the future positioning of Syrian forces in Lebanon.

Third, if Israel has destroyed not just the Sam-6 missile units in the Bekaa Valley but also two others brought in more recently, then Israel must claim these as a gain, even though they were a menace only to Israeli aircraft flying over Lebanese territory.

A fourth, but somewhat cynical factor, could be added. The driving of the Palestinians north has meant literally forcing them more closely into the Syrian embrace.

The PLO has not been overwhelmed by the extent of Syrian help.

As Mr Mahmoud Labadi, the PLO spokesman said yesterday: "We have to rely mainly on ourselves." But the outcome could be that if a post-Camp David settlement of the Middle East problem is to be engineered, then Syria and PLO might be considered one unit.

The case against Israel gains is more formidable. In part, they were victims of their own, almost total, success in the air and short-term gains on the ground. They moved swiftly, but on Thursday the failure to take either the Beirut-Damascus road across the Bekaa Valley or to advance closer to the capital beyond Khalde, indicated that things were slowing down.

The daily newspaper Al-Nahar, yesterday, quoting military officials gave signs of this by saying that into the Zahran area no less than 320 tanks, 220 armoured vehicles and more than 1,000 jeeps with guns mounted had been introduced to confront the Syrians.

Thus, although severe casualties have been inflicted on the Syrians, defeat in Lebanon has not. The same goes for the Palestinians. Beaufort Castle was clearly a loss, although Mr Ladadi was talking bravely yesterday about "losing one position means nothing for the Palestinians," not least because Lebanon is not Palestinian land.

The haste with which the visit was arranged showed in the disorganisation that marked most of the first day of his visit. As he mounted the steps of the city's cathedral, the Pope looked tired and harassed amid the blaring of police sirens and poor crowd control. The crowd gathered opposite in the Plaza de Mayo roared a welcome and waved banners claiming such mottoes as "Holy Father bless our just war" and "Holy Father bless our soldiers."

The Pope's second major speech of the day, delivered to a congregation of Latin American Bishops, and some 2,000 priests and nuns but roadcast nationwide again stressed the need for reconciliation and an end to war.

The Pope also said that he recognised the spirit of patriotism that led many (Argentines) towards sacrifice. However, he urged the congregation to take into account the "patriotism of others" and to be guided by the Christian values of peace, justice and generosity, within a spirit of humanity and universality. The words appeared to be a veiled reference to the position of the Argentine Church which has generally taken a partisan stand on the Falklands problem and vociferously backed Argentina's military effort.

After meeting President Galtieri and the two other members of the military junta Pope John Paul appeared briefly on the Presidential Palace balcony and waved to thousands.

Yesterday afternoon the Pope

was due to celebrate the first of

two masses for a huge congregation gathered at the Basilica of Lujan, a centre of pilgrimage just outside Buenos Aires. The Virgin of Lujan has strong historical associations with the Argentine army.



The Queen Elizabeth II, flagship of the Cunard Line, passes the Royal Yacht Britannia in the Solent yesterday as she approached her home port of Southampton. The QEII carried 700 survivors of the Coventry, Antelope and Ardent, three Royal Navy ships lost off the Falklands

Pope makes peace theme of pilgrimage

BY JIMMY BURNS IN BUENOS AIRES

POPE JOHN PAUL II plunged into an exhausting two-day round of activities here yesterday amid great pomp organised by the Argentine Government.

The Pope wasted little time in drawing Argentine's attention to his message of peace and the need for a negotiated settlement of the Falkland's crisis. At the airport he was greeted by President Leopoldo Galtieri and flanked by many uniforms. But as he delivered the first of a series of speeches the Pope stressed the essentially pastoral nature of his short visit, saying that it was "above any political intentions."

He commented that he had watched with profound sadness "the loss of life and the social disruption" provoked by the conflict.

Calling for peace throughout the world, the Pope made a special reference to Argentina's Latin American neighbours in what appeared to be a word of caution for governments that had considered giving military assistance to Argentina.

The haste with which the visit was arranged showed in the disorganisation that marked most of the first day of his visit. As he mounted the steps of the city's cathedral, the Pope looked tired and harassed amid the blaring of police sirens and poor crowd control. The crowd gathered opposite in the Plaza de Mayo roared a welcome and waved banners claiming such mottoes as "Holy Father bless our just war" and "Holy Father bless our soldiers."

The Pope's second major speech of the day, delivered to a congregation of Latin American Bishops, and some 2,000 priests and nuns but roadcast nationwide again stressed the need for reconciliation and an end to war.

The Pope also said that he recognised the spirit of patriotism that led many (Argentines) towards sacrifice. However, he urged the congregation to take into account the "patriotism of others" and to be guided by the Christian values of peace, justice and generosity, within a spirit of humanity and universality. The words appeared to be a veiled reference to the position of the Argentine Church which has generally taken a partisan stand on the Falklands problem and vociferously backed Argentina's military effort.

After meeting President Galtieri and the two other members of the military junta Pope John Paul appeared briefly on the Presidential Palace balcony and waved to thousands.

Yesterday afternoon the Pope

was due to celebrate the first of

two masses for a huge congregation gathered at the Basilica of Lujan, a centre of pilgrimage just outside Buenos Aires. The Virgin of Lujan has strong historical associations with the Argentine army.

Lami Dozo talks of new democracy

BY SIMON HENDERSON

PRINCE Saud al-Faisal, the Saudi Foreign Minister, who flew to London yesterday to continue his lobbying of western leaders for support against the Israeli invasion of Lebanon, said that he had been encouraged by the very positive British response to the Saudi

Relations between Egypt and the U.S. had been deteriorating even before the Israeli invasion. There was resentment in Cairo at American pressure on President Hosni Mubarak to attend a summit with President Reagan and Mr Menachem Begin, Israel's Prime Minister, to discuss the future of the negotiations on Palestinian autonomy.

Mr Kamal Hassan Ali, the Egyptian Foreign Minister, arrived in London yesterday on his way to Washington where he will have talks on the future of the autonomy negotiations.

It is understood that he will be urging U.S. officials to ensure that Israel withdraws rapidly from Lebanon.

Withdrawal weeks away

ISRAEL will not withdraw from Lebanon until it is sure the Palestine Liberation Organisation (PLO) will not return to its positions there and the pull-out is not likely in "a matter of days or weeks," Israel's ambassador to the United States, Mr Moshe Arens, said yesterday. AP reports from New York. Asked whether he expected a long period of negotiation about who will occupy the area, Mr Arens said: "Hopefully not. But I don't think we should be overly optimistic and expect it to be a matter of days or weeks; it's going to take a little time."

On Thursday the Saudi Minister was in Bonn to meet



Rescue workers search for bodies under buildings destroyed by Israeli jets which bombed residential areas in Beirut just a few minutes before the ceasefire with Syria went into effect

Syrians strengthen positions in the mountain passes

BY PATRICK COCKBURN IN JERUSALEM

AS THE Syrian Government agreed to a ceasefire yesterday it was also rapidly strengthening its positions in the mountain passes which link Damascus to the Lebanese border.

The road is now crowded with tanks and armoured personnel carriers. Trucks pass towing light anti-aircraft guns. In the nearby hills heavy T-62 tanks, some with green branches lashed on as camouflage, have moved into position.

Close to the border crossing, troops on the Syrian side opened fire on an Israeli jet just inside Lebanon. As it released magnesium flares attached to red balloons to decoy heat-seeking missiles, thick smudges of smoke could be seen rising from where the Israelis are bombing the Bekaa Valley.

Paradoxically, Syrian morale is high. The situation at the beginning of the week, when many Syrians regarded the Israeli invasion as just another round in what was strictly a Lebanese and Palestinian affair, has ended. Since Wednesday, the feeling has grown that Syria is under attack.

It is too early to say how long the ceasefire will hold since Israeli and Syrian interpretations differ strongly. It will be difficult for President Hafez al-Assad to maintain the

ceasefire unless the Israelis withdraw. In at least one office in Damascus, Syrians cheered the news of their government's condition for a ceasefire—namely the withdrawal of Israeli forces from Lebanon rather than the cessation of hostilities.

In the capital, there is an increasing number of troops to be seen, despite the ceasefire. The government's policy of announcing high Syrian casualties, some 194 killed on Thursday alone, has brought home to Syrians the scale of the conflict. Wounded, apparently from battles in the Bekaa Valley, were being ferried to Damascus hospitals.

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UK NEWS

BP Oil to axe 390 jobs by nine closures

BY RAY CHAPFER, ENERGY EDITOR

BP OIL, the refining and marketing arm of British Petroleum, is to axe 390 jobs by closing nine oil distribution terminals.

The terminals will be shut next year as part of a reorganisation of BP's distribution network. Operations at some of the group's other 29 terminals will be reduced.

BP Oil, which had a substantial loss on the first quarter of this year, said that the proposed closures stemmed from the "dramatic fall" in demand for petroleum products, together with gloomy prospects for trade in the near future.

The company said it hoped to achieve the job cuts largely through voluntary severance.

Enforced redundancies would be kept to a minimum.

The Transport and General Workers' Union and other unions have been told that the move will affect managers, clerks, drivers and operating staff.

Phasing of the proposed closures will be:

- Terminals at Bishopbriggs, near Glasgow, and on Teeside, in January.
- Depots at Purfleet, Essex; Heysham, Lancs; and Stanlow, near Liverpool, in the first three months.

The Uttoxeter depot, near Derby, probably in mid-year.

- Two northern terminals, Sheffield and Torksey, near Sheffield, in the third quarter.

- The Ipswich terminal, Suffolk, towards the end of the year.

BP Oil recently reported an operating loss of £24m in the January-March quarter on a full current cost accounting basis.

Against a historic basis, the operating loss before tax and interest was £38m, compared with a profit of £17m

in the first quarter of 1981.

The company, which has an estimated 17 per cent share of the UK oil products market, has been among those worst hit by a sharp decline in demand.

Oil consumption now runs at an annual rate of about 66m tonnes, according to BP, whereas a few years ago demand in 1982 was expected to be nearer 100m tonnes.

Most of the industry's past investment, in refineries and distribution network, has been based on growth forecasts.

BP said yesterday that it believed the market would generally remain at about current

levels for the "foreseeable future."

The parent British Petroleum group is to submit an insurance claim for about £13m to cover the cost of an accident during installation of the Magnus Field production platform in the North Sea in April.

The claim will cover recovery operations after the loss of large steel piles during the positioning of the steel platform structure.

The Magnus platform, one of the largest of its type, was insured for £180m during the tow-out and installation. The risks were widely spread within the UK.

Building societies lend record £1.2bn

By Andrew Taylor

BUILDING SOCIETIES lent a record £1.2bn last month, while net receipts of societies in May rose to their highest level for 18 months.

Society chiefs decided not to cut the recommended 134 per cent mortgage rate, despite this week's half percentage point reduction in bank base rates.

Societies are under little immediate pressure to cut rates, particularly as the banks have not reduced their mortgage rates.

Most of the clearing banks charge 134 per cent on home loans, though they claim that differing methods of calculating interest payments make bank mortgages fully competitive with those offered by building societies.

Societies did not rule out the possibility of a cut in the mortgage rate next month, but this would depend on the extent of any further reduction in bank interest rates.

Societies will be reluctant to erode their competitive edge by lowering savings rates when they need a high inflow of funds to finance the record level of lending.

Monthly net receipts of societies have improved significantly in the past two months, and in May rose to £4.3bn, the highest level since October 1980.

May's record £1.2bn was the third month in succession that lending topped £1bn.

Loans promised to borrowers, but not yet made, amounted to £1.37bn last month. Since the end of February societies have committed themselves to lend £4.3bn to borrowers.

Mr Richard Weir, secretary general of the Building Societies Association, said that a high level of lending was expected to continue throughout the summer. The improvement in net receipts reflected reduced competition from National Savings in recent months.

Building societies' receipts may be under more pressure in June, a month in which investors traditionally withdraw funds before the holiday season is fully under way.

Investment rates, Page 9

'Radical' Jenkins launches campaign for SDP leadership

BY PETER RIDDELL, POLITICAL EDITOR

MRI ROY JENKINS yesterday launched his campaign for the Social Democratic Party leadership with an attempt to demonstrate that he is not a centre party man and is as "radical" as Dr David Owen, the other candidate.

The clear implication of Mr Alton's remarks is that Mr Steel might be considered by Liberals as a more suitable leader of the Alliance if Dr Owen is elected leader of the SDP, although they would be willing to accept Mr Jenkins.

The full list of the party's monetary supporters of the two candidates for the SDP leadership is now available. Mr Alan Wrigglesworth said Mr Jenkins' supporters are Mr Tom Bradley, Mr Tom Ellis, Mr David Ginsburg, Mr John Horan, Dr Dickenson, Mr Bob McLean, Mr William Rodgers, Mr John Roper, Mr Neville Sanderson, Mr James Wellbeloved, Mr E. B. Windsor Davies, Mr Brian Magee, Mr Jeffrey Thomas and Mr Wrigglesworth.

However, there is some dispute about the position of Mr Roper, who is the party's parliamentary whip and believes he should be impartial. He has made it clear he does not want to be included on lists of supporters.

The backers of Dr Owen are Mrs Shirley Williams, Mr Christopher Brooksbank-Fowler, Mr Ron Brown, Mr John Cartwright, Mr Richard Crosshaw, Mr James Dunn, Mr John Grant, Mr Edward Lyons, Mr Tom McNally, Mr Bob Mitchell, Mr Eric Ogden, and Mr Mike Thomas.

Drug dealers moving into video piracy, warns MP

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT believes something must be done to check the "quite shocking" growth in the private video film trade, Mr Iain Spratt, Under-Secretary for Trade, told the Commons yesterday.

Building societies' receipts may be under more pressure in June, a month in which investors traditionally withdraw funds before the holiday season is fully under way.

He promised to look "very closely and very quickly" at the legislation introduced recently in the U.S. to control illegal traffic in video films. He wanted to see what lessons could be learned.

The U.S. Piracy and Counterfeiting Amendment Act went into effect on May 25. Under its terms, sound recording and motion picture pirates face maximum penalties of five years' imprisonment and a fine of \$250,000 (£141,643).

Mr Spratt was replying to Sir Paul Bryson (Con, Bowdon) who said Britain was the world leader in the illicit video trade. This was now getting "into the hands of gangsters—literally the same people who run the drug rings."

Video piracy accounted for at least 65 per cent of the total market in Britain—a staggering £100m a year.

Sir Paul, who declared an interest as a Granada Television director, said London and the Home Counties boasted more illegal video duplicating organisations than the whole of America.

The Copyright Protection Society and the British Video Association were becoming desperate at the lack of Government action.

Mr Spratt was unable to offer

Nationalism real threat to peace, says Hurd

BY ROBIN REEVES, WELSH CORRESPONDENT

THE MAIN threat to peace no longer comes from a direct clash between the superpowers, the U.S. and the Soviet Union, Mr Douglas Hurd, Minister of State at the Foreign Office, said yesterday.

The real danger was from the multitude of nation states "which jostle together uneasily in the post-Imperial world."

He told the Welsh Conservative conference in Llandudno that at least five wars were being fought—one in the South Atlantic, two in the Middle East and one in Northern Ireland.

"Many of them (nation states) have disputes with each other. Many of them suffer from the disease of excessive nationalism which, as President Galtieri is discovering, is the best way of destroying nations," he said.

"The process is now a familiar one. First you fill the streets with your enthusiastic supporters, later you fill the cemeteries with the bodies of your conscient soldiers."

Mr Hurd was winding up a debate on the importance of Britain remaining in the EEC member.

He paid tribute to the seven Common Market countries which had given "stalwart support" over the Falklands by extending indefinitely sanctions against Argentina.

"They made EEC critics in this country look remarkably foolish. How many of those critics would have been ready to put British jobs at risk if some distant French or German possession had been attacked?"

Official Unionist leader rejects N. Ireland Bill

BY OUR BENGAL CORRESPONDENT

THE DEVOLUTION BILL for Northern Ireland was unanimously rejected by Mr James Molyneaux, MP, leader of the Official Unionist Party, yesterday at the party's annual conference in Belfast.

He said the proposals were even more objectionable than the Sunningdale plans of 1973 for Northern Ireland. The party had a duty to delete them or, failing that, oppose them not and branch.

Mr Molyneaux, who was re-elected unopposed as party

leader, appeared to suggest that nothing less than a Northern Ireland government with full over-security would be acceptable. An assembly, "simply will not do now" in the future," he said.

He insisted the essential to Mr James Molyneaux, the Northern Ireland Secretary, that a political settlement would be necessary if the economy of the province were to improve. He said that was a smokescreen to conceal the Government's failure in the economic field.

UK NEWS

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BY RAY CHAPFER, ENERGY EDITOR

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Curtains for Talk of the Town today

By Lisa Wood

THE TALK of the Town, one of London's most celebrated night-spots, is to close today after a surprise announcement by Bernard Delfont, Trust House Forte.

No details are being given of numbers of redundancies among administrative, maintenance and catering staff at the large theatre-restaurant, although entertainment unions were yesterday calling for an urgent meeting with Lord Delfont, who operates the establishment.

The unions—Equity and The Musicians' Union—claim they have been negotiating about a new production with the managers of the organisation for some time. The 24-year-old theatre had been due to close temporarily today for major refurbishing, costing "many thousands of pounds."

Lord Delfont has blamed rising costs, changes in patterns of tourism and VAT for the closure. Since December, the management has been negotiating a new lease on the listed building. London's West End entertainment industry has been badly hit by the recession.

When the night-spot opened in 1958, entrance cost £1.75. It now costs £21.75 and Lord Delfont said that if the refurbishing had gone ahead entrance prices would have increased to £25.25.

Lord Delfont said: "It has become increasingly clear that general economic trends and rising costs and the imposition of VAT on the entertainment industry, taken together with changing tourism patterns, have created a situation in which the viability of the operation of such a large theatre-restaurant at prices acceptable to the public cannot be guaranteed in the long term."

Lord Delfont has run The Talk of the Town, in Leicester Square, since taking over the lease of the London Hippodrome in 1958, converting it in partnership with Sir Charles Forte, into a theatre-restaurant seating 750. In its heyday, it attracted stars such as Judy Garland, Sophie Tucker and Sammy Davis Jr.

Eight training boards to go
By Alan Pike, Industrial Correspondent

THE GOVERNMENT yesterday laid winding-up orders for the remaining eight statutory industrial training boards to be abolished under the reform of training arrangements.

The boards to be abolished include one of the biggest, the Distributive Industry Training Board. The others are: ceramics; cotton and allied textiles; food, drink and tobacco; furniture and timber; paper and paper products; printing and publishing; and shipbuilding.

The abolition of eight other boards has already been announced. Seven boards are to be retained on a statutory basis.

Mr Peter Morrison, Employment Minister with responsibility for training, said: "I am pleased with the progress which employer organisations are continuing to make with their alternative training arrangements to replace statutory boards. However, under the legislation, the Government retains the power to reintroduce statutory arrangements if companies withdraw their support after the revocation orders have been made."

BSC contingency hopes cut by £95m

BY IAN RODGER

THE GOVERNMENT has cut £95m from the contingency margin sought by British Steel Corporation as part of its 1982 external financing limit.

It is also holding British Steel to its target of breaking even in 1982-83 before interest charges. Recently, the corporation said it might not reach break even until later next spring.

This new squeeze could tip the scales in the corporation's current review of its plant configuration.

Early this week it was reported that British Steel is considering closing one of its five main bulk steel producing sites

because of the weakness of home markets and a sharp influx of imports. A decision is expected within two months.

The decisions on its external financing limit came in a Commons written answer by Mr Patrick Jenkins, Industry Secretary.

He said the corporation's external financing limit this year would be £365m, compared with £765m in 1981-82.

BSC was looking for a total EFL of £461m, of which the contingency margin could be £175m. In March, in view of the uncertainties in international steel markets and particularly the potential impact of U.S.

actions against subsidised producers British Steel sought an increase in the contingency margin to £175m.

Mr Jenkins said the new limit includes a contingency margin well below the £175m requested by BSC. The additional £15m above the provisional EFL will be found from within the Government's contingency reserve and will not increase public expenditure.

When the Government agreed in February 1981 to inject another £980m into British Steel and write off £3.5m from its capital and loans, the corporation set a target of breaking even before interest in 1982-83.

UK NEWS - LABOUR

Health employers attack 4% 'farce'

BY PHILIP BASSETT, LABOUR CORRESPONDENT

HEALTH authority employers yesterday applied considerable pressure on the Government to relax the tough line on National Health Service pay which has provoked industrial action in the service.

The National Association of Health Authorities, comprising health employers at regional, area and district levels, at its annual conference in Brighton approved overwhelmingly a resolution calling on the Government to re-examine its NHS pay policy.

In particular, it was critical of the Government's adherence to a 4 per cent pay factor in the NHS when settlement in other parts of the public sector had exceeded this. The pay "norm" had become a farce, the conference was told.

The resolution was approved immediately before Mr Norman Fowler, Health Secretary, addressed the conference.

NAHA officials met Mr Fowler privately last week and put to him the sentiments of the resolution. Mr Fowler yesterday agreed to a further meeting with the association to discuss its implications.

The NAHA decision brings out publicly the disquiet over the dispute felt by many health employers, which first emerged in a letter to Mr Fowler from Sir Sidney Hamburger, chair-

man of the North-West Regional Health Authority.

Taken with the decision last week by the Royal College of Nursing not to accept the Government's 6.4 per cent offer to nurses—it has offered 4 per cent to other health workers—it amounts to considerable pressure on Ministers to change course.

Mr Rodney Bickerstaff, general secretary designate of the National Union of Public Employees, welcomed the move by health service managers in joining the unions' call for

course.

The health unions are being

careful to ensure that accident and emergency cover—which includes maternity, cancer treatment and renal dialysis—is working efficiently.

To that end, a number of local union committees have approached area and district health authorities with plans to collaborate on running a minimum service.

In South Wales, the National Union of Public Em-

ployees says co-operation between authorities and the unions has been working well throughout the dispute.

Both Dafydd and Glamorgan area health authorities have come out in favour of an increased pay offer.

The South Wales in-

workers, together with other groups of public sector workers, are expected to mount a 24-hour stoppage in sympathy with the health workers next Wednesday.

In the South-East, a meet-

stewards on Thursday voted

to approach health authorities with plans for joint regulation of the accident and emergency service.

decent wages for low-paid NHS workers.

Mr Peter Foster, of Salford District Health Authority, who proposed the NAHA motion, said the Government would find it increasingly difficult to justify its stand on NHS pay as one of principle.

Public sector settlements had

made the 4 per cent norm a

farce. The "norm" had been

honoured more in breach than

in observance, he said.

"Once again health workers

are expected to be the willing

victims of a suspect and appar-

White-collar water staff reject 7% pay offer

BY BRIAN GROOM, LABOUR STAFF

NEGOTIATORS for 30,000 white-collar staff in the water industry have rejected a 7 per cent pay rise offered by the National Water Council.

An emergency motion is likely to be put before the water group of the main union involved, the National and Local Government Officers' Association (Nalgo). It will be considered on Monday, during Nalgo's annual conference at Brighton.

The motion has not yet been decided, but if it may include plans to take industrial action if the offer is not raised. The action could take the form of non-co-operation with the cost-cutting reorganisation taking place in water authorities.

The water staff are claiming

11.2 per cent rises, a one-hour cut in their 37-hour week, extra holidays and commitments on job security and career prospects.

The 7 per cent offer in-

cludes an extra day of holiday

for some staff, but no other

elements of the claim.

Mannual workers in the

industry accepted 9.1 per cent

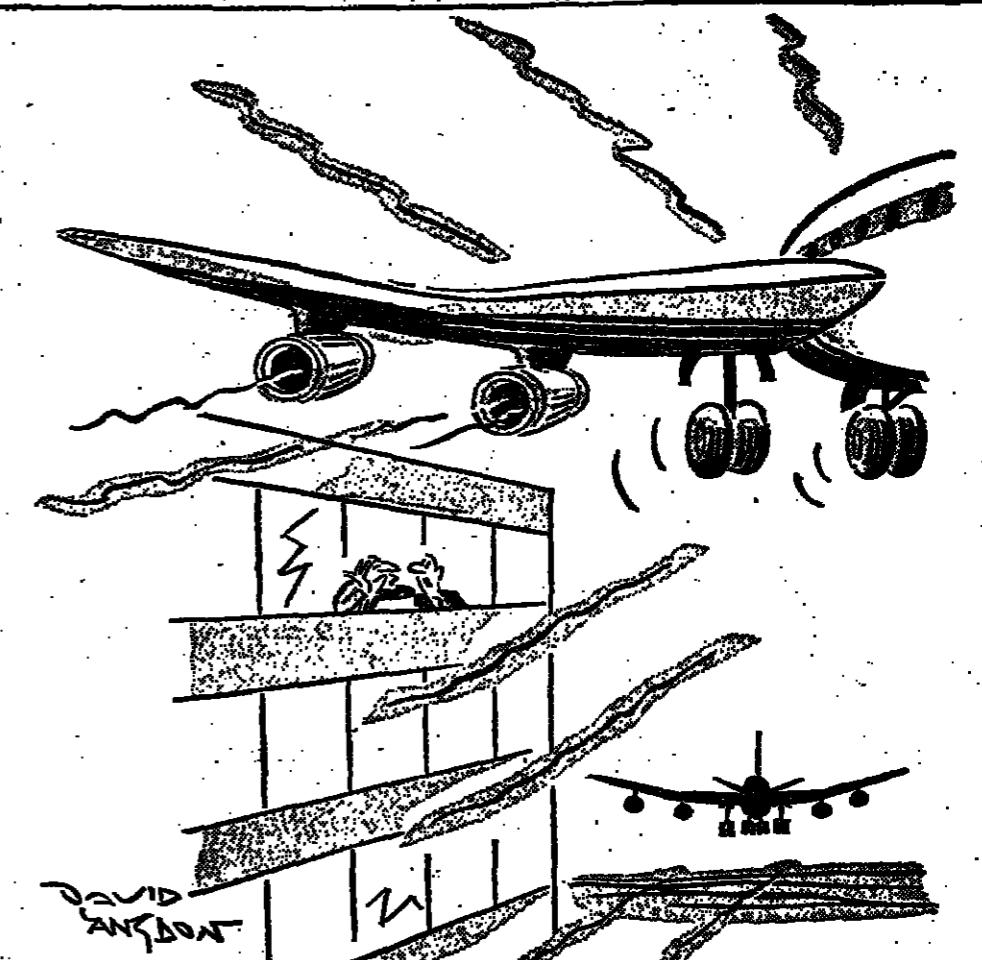
rises in January, but are

seeking a further one-off

increase of 15 per cent to

bring them into line with

electricity and gas workers.



"What I said was—John D Wood would have found out what they meant by handy for the airport."

JOHN D. WOOD

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Secret ballot funds to cover polls on pay

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT is to extend its scheme to defray the costs of secret union ballots to cover polls on pay offers.

An order to complement the provisions of the 1980 Employment Act will be laid in the House of Commons on Monday. A further, more detailed, order to spell out the kind of ballot for which costs can be recovered will be laid in July. The scheme will operate from then.

Under the terms of the 1980 Act, unions can apply for funds for ballots on strikes, on elections, on rule changes and on mergers. Ministers have since felt, however, that ballots on pay offers—one of the commonest of union polls—should also be covered.

The order will further tempt those unions inclined to use secret ballots, especially now that funds are scarce. However, the TUC has banned such applications on pain of possible

suspension of the offending union from TUC membership.

Only one TUC-affiliated union—the actors' union Equity—has applied to the Government for funds to recover the cost of its ballot on union elections. Equity, which is led by right-wingers, is a keen user of ballots and is in considerable debt.

However, the executive's application for a refund caused considerable dissent by union activists, and the union conference voted to overturn the decision. That vote is not binding and the issue is now the subject of a membership ballot.

It is understood that the application for a refund has not been withdrawn, and is still being considered by the Department of Employment.

A number of non-affiliated unions, most notably the Royal College of Nursing, has applied for funds but the expenditure has been minimal so far.

Postal engineers may act in bid to stop BT sale

BY DAVID GOODHART, LABOUR CORRESPONDENT

THE 130,000-STRONG Post Office Engineering Union, at Blackpool in its annual conference, committed itself yesterday to "industrial action if necessary" to stop the privatisation of British Telecom.

An executive statement backed by the union conference also said that members had been instructed not to connect Mercury, the private telephone system planned for 1983, to the national or international network.

The industrial action sub-committee of the executive will draw up further proposals for action against Mercury.

A more radical motion to call for immediate and widespread industrial action to stop Mercury, was not put to the vote. But in a debate on the motion, Mr Bryan Stanley, union general secretary, said: "If we want a big say in the cabling of Britain, how can we disrupt services without apparent reason?" He said that industrial action would be taken, when appropriate.

Howell backs BR over productivity and manning

BY FRAZEL DUFFY, TRANSPORT CORRESPONDENT

THE GOVERNMENT came out in strong support yesterday of the stand by the British Railways Board vis-à-vis the rail unions over productivity and work practices.

Mr David Howell, Transport Secretary, warned that the future of the railways is in jeopardy unless BR can deliver on productivity.

Mr Howell said in London yesterday: "a modern rail system just will not work chained down by a cross-cast of restrictive working practices. You cannot use working methods agreed in 1919 to solve 1982 problems."

You cannot expect the taxpayer to pay yet more money, if the new equipment being provided is then operated with outdated working practices or even stands idle in sidings."

Mr Howell delivered his warning two weeks before the threatened strike by the National Union of Railwaysmen.

He reminded the unions that the strike threat came when the Government was considering proposals to introduce a new generation of lightweight vehicles for local services, and

Mr Eric George, for the executive, said Mercury's operation would be more restricted than its supporters hoped. "But it is totally unacceptable that British Telecom suggest we work with the competition. We are not going to risk jobs for the benefit of private speculators," he said.

Mr Phil Holt, of Liverpool Internal, warned that the privatisation of BT was an immediate threat. "Private capital has its eyes on BT's £500m profit," he said. He also said that local tariffs had been pushed up, while the cost of trunk calls had been brought down, because of competition from Mercury.

A move to hold a poll of the union membership, on whether ballots should be held before industrial action, was rejected. But a few delegates expressed anxiety that the union's new £140,000 computer, which will carry the home addresses of all members, would make ballots easier to conduct.



BENEATH THE IVECO SIGN

Iveco medium range trucks. The complete range of vehicles from rigid chassis to tractor units.

Products of the combined resources of Fiat, OM, Magirus and Unic. Developed from years of experience, research and technology.

Trucks designed by IVECO—a company which is already second in Europe and sixth in the world.

In today's tough conditions, think IVECO for medium range transport.

IVECO, A WORLD OF TRANSPORT



IVECO

AN OFFICIAL SPONSOR

OF THE TRUCK & BUS

AND COACH CHAMPIONSHIP

HELSINKI 1982

Birthday Honours—r business and politics

Christopher Laidlaw
(Knight)

Peter Green
(Knight)

John Mayhew-Sanders
(Knight)

William Shapland
(Knight)

Walter Marshall
(Knight)

Kiri Te Kanawa
(DBE)

Earl Ferrers
(Privy Counsellor)

Gordon Borrie
(Knight)

Sir Raymond Pennock
(Baron)

Arthur Negus
(OBE)

PERSONALITIES IN industry and commerce, the arts, politics, journalism, and the sciences, as well as central and local Government services, are among those recognised in the Queen's Birthday Honours List. Men and women in the world of sport also receive awards.

Three Life Peers are created, including a Baroness; three Privy Counsellors and a Companion of Honour are appointed; and 29 Knights Bachelor are named.

LIFE PEERS

SARONNESS

Mrs Elizabeth Patricia Carney, chairwoman, Management and Commissions Committee for Scotland.

SARONS

Mr Joseph Gray, lately president, National Union of Mineworkers.

Mr Raymond Pennock, formerly president, Association of British Industry.

PRIVY COUNSELLORS

Earl Ferrers, Minister of State, Ministry of Agriculture, Fisheries and Food; Mr Hugh Gray, Minister of State, Department of Energy; MP for Ross and Cromarty.

Mr Bryant Godwin Irvine, lately first deputy chairman of Ways and Means and former chairman, MP for Ross Division, East Sussex.

COMPANION OF HONOUR

Prof Sir Karl Bataille Pepper, for services to philosophy.

KNIGHTS

Mr Gordon Johnson Bovis, director-general, Office of Fair Trading; Mr George Holton Charnley, chairman, Northern Gas Board; Mr David English, editor in chief, Associated Newspapers; editor, Daily Mail.

Mr Basil Gammie Fidman, for political services.

Mr Leslie Fowles, director, Rothmans Experimental Station, Harpenden.

Mr Leslie Gammie, for services to art.

Mr Frederick Green, chairman of Lloyd's of London.

Mr Fred Hardman, for political and public services.

Mr Paul Lancastor Hawkes, MP, Norfolk.

Mr John Austin Howard, Leigh Mansfield, formerly head of the Central Policy Review Staff, Cabinet Office.

Mr Christopher Jagger, Financial Times, chairman, Financial Computer Association.

Mr Ian Alexander McGregor, for services to the Royal Navy.

Mr Hinchliffe N. Williams, formerly of Scotland, for public service.

Mr John Robins, lately head of the Central Policy Review Staff, Cabinet Office.

Mr Gordon Lakin, for services to the Royal Navy.

Mr John Alexander McGregor, for services to the Royal Navy.

Mr Hinchliffe N. Williams, formerly of Scotland, for public service.

Mr Peter McRoy Mills, MP, Devon, for political and public service.

Prof John Harald Plesner, historian.

Mr James Gordon Robson, professor of architecture, Royal Polytechnic School, University of London.

Mr Lawrence William Robson, for political and public service.

Mr John Ronald Mayhew-Sanders, chairman, Young Enterprise.

Mr John Ronald Mayhew-Sanders, chairman, Young Enterprise.

Mr Michael Norman Shaw, MP, Scarborough.

Mr Jack Smart, chairman, Association of British Architects.

Mr Alan Sank, chairman and chief executive, International.

Mr Geoffrey Johnson, MP, East Grinstead, for political and public service.

Mr Ian James Watson, for political service in the West Midlands.

Mr C. J. Anderson, chief constable, Greater Manchester Police.

Mr J. M. Barr, chairman, Barr and Wallace Arnold Trust.

Mr D. Blackton, commander, Fire Service.

Mr Alec Bedser, for services to cricket.

Mr H. P. N. Beaman, lately chairman, British Association of Trade Export.

Mr N. H. A. Bentworth, founder, Bradford City Council.

Mr B. B. Bremner, managing director, Marconi Aircraft Company, for services to export.

Mr J. C. Campbell, president, National Farmers' Union of Scotland.

Mr J. F. Chastield, for political and public service in South East England.

Mr G. T. Chetwynd, chairman, South East Asia Trade Advisor Group, British Export.

Mr G. C. Chetwynd, managing director, Royal Mail, for services to export.

Mr F. C. Chetwynd, lately chairman, Royal Mail, for services to export.

Mr R. E. Chetwynd, for services to the conservation of wildlife resources.

Mr J. C. Chetwynd, lately secretary, British-Nigerian Association.

Mr K. C. Chetwynd, managing director, Royal Mail, for services to export.

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THE WEEK IN THE MARKETS

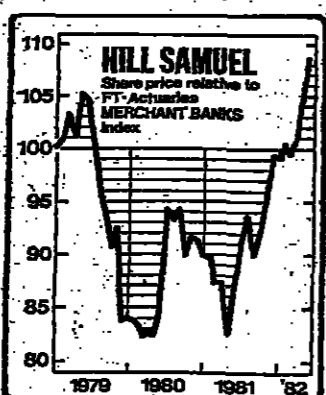
Broader horizons, blacker smoke

By Tuesday afternoon, the first week of the new account had already seen its best moments. The All-Share Index had reached a new peak of 349.98, and the clearing banks had cut their base rates by half a point to 12½ per cent. Wholesale price statistics gave further encouragement about the future course of inflation. But the edited market, weighed upon by last week's new tap stock and discouraged by the latest bank figures, was already showing signs of tiredness.

Used after two months to weathering bad news from the Falklands, the markets had this week to cope with a potentially much more explosive conflict in the Middle East. Coupled with hardening New York interest rates and a weak day or two for sterling, that was enough to chip 15 points off the FT 30 Share Index by Thursday evening. A fair bounce yesterday probably reflected the closing of some bear positions as well as the morning's ceasefire in the Lebanon or easier conditions in New York. But there was no cause for cheer in a weekend batch of company news that included very poor results from Pilkington, and the insolvency of Lesney, the maker of matchbox toys.

Rating Hill Samuel

The new management put in charge of the merchant bank Hill Samuel two years ago has succeeded in tightening the business up. And after a lacklustre decade, there has been a lot to put right. At any rate after-tax profits have more than

LONDON
ONLOOKER

insurance broking business has been reduced from £1.6m in 1980, to 20.6m last year, with the prospect of break-even this year. In UK banking, Hill Samuel has shifted out of syndicated loans into more specialised areas such as trade and shipping finance, as well as personal loans out of its branch network.

The group is now turning its thoughts to expansion again, and the policy is far removed from the merger attempts with which it was associated a decade ago. The existing businesses are to be enlarged, partly through piecemeal acquisitions, with the aim of spreading the group's operations geographically.

The fruits of this policy will take some time to ripen, and the pace of growth could slow considerably from now on, not least because of the pressures facing the merchant banking community as a whole.

Boxing cannier

Metal Box went some way this week towards repairing the damage to its reputation caused by its severe misjudgement of demand trends and by the musical chairs in its own board room. Experience has evidently bred caution and on Monday it announced second half profits comfortably ahead of a forecast made only a few days before the March year end.

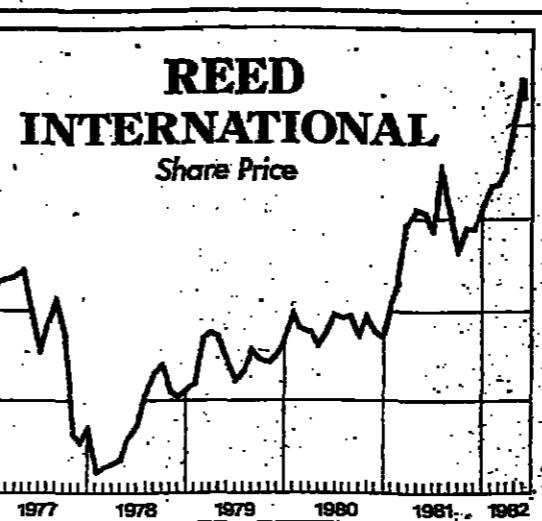
For the full year, trading profits are 35 per cent ahead at £72m. Then the debits begin. The high cash cost of closures has helped to push the interest charge to very uncomfortable levels, leaving a pre-tax figure

doubled in the last two years, with a 42 per cent gain in the 12 months to March, to £16m.

The stock market has already recognised what the management was capable of, and the bank has enjoyed a re-rating in the last year. The shares now seem to be valued in line with other leading merchant banks.

There is no real mystery about the improvement in the company's fortunes. The management has been working on cleaning up the loss-makers, and shifting the emphasis away from low-margin—albeit prestigious—business to operations absorbing less capital and offering higher margins.

Accordingly, the loss in the



Gulliver's fledgling food retailing group together with Sir James' Presto and Lipton's full year figures the most cautious of market forecasts seem to be no lower than £74m.

Suddenly, the skies darkened. Israeli F16s were supporting Israeli tanks on the outskirts of Beirut. Argentine fighter bombers had exacted a grim toll on the British disengagement on to Fitzroy, on East Falkland. Sentiment, which Argyll had been convinced was solidly supporting the deal—although there had been a marked polarity of opinion—suddenly melted.

On top of that, while final demand in the UK remains very slack, the decision by Coca-Cola to cut prices and stem imports has greatly enhanced capacity use on beverage can lines. The US, will probably be less strong this year, but other overseas subsidiaries are doing well and the UK performance, in both central heating and cans, looks almost certain to recover. The yield on the shares is still hovering around 10 per cent but, at 168p after the figures, the price was well off the bottom.

For Thursday morning the 95m shares on offer were matched by applications for only 25m shares. This failure meant that some 70m shares passed at a cost of almost £60m into the hands of the underwriters. This was one clear occasion when the City had earned its handsome fund-raising fees.

Argyll Foods was calculating

that on May 11 that it would be paying fees of about £3.7m to various City institutions for the funding of a "unique opportunity" to buy Sir James Goldsmith's supermarket chain, Allied Suppliers. If the merger had been frustrated, because Argyll's own shareholders rejected the deal or the Office of Fair Trading had objected to the condemnation of food retailing power implicit in such a merger, Argyll would have paid about £1.1m to its City advisers before retiring to lick its wounds.

Argyll cleared these two hurdles with some ease. Shareholders passed the necessary resolution with barely a vote cast against. The OFT countered certain outside predictions by giving the deal a clean bill of health. Argyll was certain of the Allied acquisition since, with beguiling ease, all the sub-underwriting was fixed on the day the merger proposal was formally announced.

Argyll, its brokers Panmure Gordon, and the merchant bank which had arranged the underwriting, Samuel Montagu, were convinced that the City's institutions had accepted the merits of putting Mr James

back on the board.

Overall domestic operating profits rose by £14.5m to £44.4m.

The only real blot on the page came from newspaper operations.

The Mirror Group has been dragged down by the tabloid circulation war in which it had to bear the heavy cost of promotional Bingo. Profits from newspapers collapsed by £10m to £3.1m.

Some analysts had been

optimistic about the market's

strength in recent months. Falling U.S. oil stocks and rising pump prices are one explanation; the political security of U.S. oil reserves is another.

Shares in companies like Shell, Phillips and Union Oil of California have continued to do well this week.

But the main excitement in the oil sector still swirls around the takeover battle between Cities Service and MESSO Petroleum, where the two chairmen

—to judge by Press reports, at least—are squaring up like Larry Holmes and Gerry Cooney.

The one thing that seems certain about this bout, which is

still in its early stages, is that

if there is not a knock out,

Cities Service will take a dive.

Some analysts think its shares could fall by \$10 or more with

out a bid, and the price has

slipped in recent days to

roughly \$34, compared with

likely earnings in 1982 of maybe \$3 a share. This is not a fight for the faint hearted.

On a more sedate note, IBM

is selling pressure earlier this

week, following a report that

Morgan Stanley had removed

the company from its list of

recommended buys. The shares

have performed well so far this

year, and IBM should report a

healthy increase in profits for

1982. But, Morgan Stanley is

evidently worried that sales

schedules may be slowing down

a bit, and that as a result its

recent earnings forecasts for

the current year of \$6.60 a share

could be looking a little on the

high side. The earnings range for 1983 is put at \$7.20 to \$7.50 a share.

It's a quiet time on the company news front, but the week did bring third quarter figures from one big company which has attracted a lot of attention during the last year—Seagram, the world's largest distiller. The group, you may remember, was left with egg on its face and a fifth of the shares in the giant Du Pont chemical group as a result of last year's struggle to gain control of Conoco, from which Du Pont eventually emerged as the winner.

Since then, the Du Pont share price has slipped consistently, and Seagram's holding is now worth roughly \$1.5bn, a modest \$1bn or so less than it paid for the Conoco shares which it eventually swapped for Du Pont equity. The impact on earnings has been no great shakes, either, although its main line businesses are doing well.

Seagram's share in Du Pont's

profits is currently bringing in a lot less than the cash deposits which it blew on all those Conoco shares.

But Seagram still insists that it is very happy about the deal, and Wall Street may be coming around to its view. A recent report by Drexel Burnham Lambert argues that the shares are now selling at a discount to the underlying value of the Du Pont holding alone, and that a recovery at Du Pont would have a dramatic impact on Seagram's earnings.

Monday 804.03 -0.97

Tuesday 802.23 -1.00

Wednesday 795.57 -6.66

Thursday 796.71 +3.14

A new optimism

NEW YORK

RICHARD LAMBERT

SHARE PRICES continue to drift lower on Wall Street for the fifth of the week, and by Thursday, the Dow Jones industrial average had sneaked down below 790. At that point it had fallen by over 70 points since early May, and was threatening to close below its previous low for the year, 785.47, which was touched on March 8.

Then, at last, came a bit of

good news. After the closing bell, news arrived from Washington that the House had approved by a narrow margin a Republican Budget plan for 1983. There is still some way to go before this vote can be translated into a final Budget programme. But at least Wall Street can at last begin to get some kind of handle on the Government's likely borrowing needs over the next few years.

The Treasury's closely watched

14 per cent bonds bounded into relief in after hours trading, having slipped by a point and more earlier in the week. And equities followed suit when trading opened yesterday morning. March's low point had been beaten and remained intact.

But Budget or no, the Treasury is still going to have to raise enormous new sums of money in the next six months. We should be getting first details of its third quarter borrowing programme within the next few weeks, and that could well put some kind of ceiling on the market's new optimism.

Meanwhile, the market has remained jittery in the face of all the international political tensions. These have had the usual impact on the oil sector, where the domestically oriented oil producers have been showing considerable relative strength in recent months. Falling U.S. oil stocks and rising pump prices are one explanation; the political security of U.S. oil reserves is another.

Shares in companies like Shell, Phillips and Union Oil of California have continued to do well this week.

But the main excitement in the oil sector still swirls around the takeover battle between Cities Service and MESSO Petroleum, where the two chairmen

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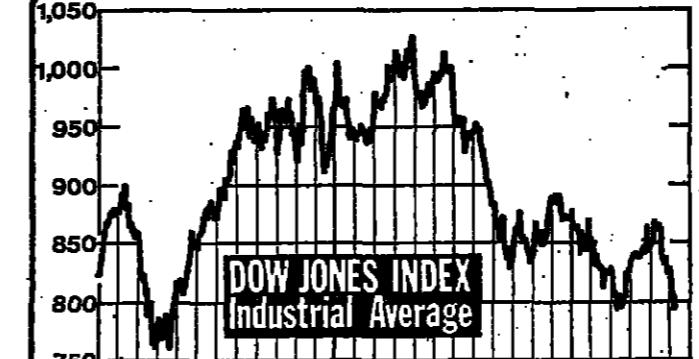
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Sergeant J*n*k*n was hit on the head



he lost his reason

After 3 years in the last war, after keeping the peace in Kenya, after seeing through the evacuation of Aden, during a tour in Northern Ireland Sergeant J*n*k*n was hit on the head. With a stone.

He lost his reason.

He has been with us ever since he was invalided home—wherever he is, we look after him. One day, he'll probably enter our Veterans' Home for good, still thinking that the next man in the street is about to attack him.

Every year brings in more and more deserving cases like Sergeant J*n*k*n. For those who are homeless and cannot look after themselves in the community, we provide permanent accommodation in our Hostel.

YOUR SAVINGS AND INVESTMENTS-1

Damage to drains

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Damage has been done to the drains on our property from the roots of a willow tree standing on adjacent land belonging to the council. Can you please advise me whether we have a valid claim against the council to meet the cost of drain repairs and of the removal of the roots from our property.

If the drains which have been damaged lie within your property you have a claim against the council in nuisance for the incursion of the tree roots. The same would apply if the drain belongs to you even though it lies outside the curtilage of your land; but it may be much more difficult to prove your ownership of the drain in that case.

Close company and tax

I am a director of a small family property investment company and pay rent to the company to live in one of its houses, which has a book value of 20 years ago. Could this

house be made a gift to us in order that we could sell it to a smaller place and give us a little more cash in hand? By doing this would it attract CGT?

Unfortunately it would produce a corporation tax bill for the company and an income tax bill for you, as the company's auditors will be able to explain.

A will made by the court

I am the foster daughter of a childless elderly lady who was taken into hospital shortly before her husband died. Their family home was in his name and, although I believe a Will was made bequeathing the house to me, an extensive search, including contacting the Registry of Wills, has failed to reveal its whereabouts.

I am told that, as my foster mother is incapable of managing her affairs, the matter is in the hands of the Official Solicitor, and that the house

will probably be sold; the proceeds to be included in the

estate of the deceased. She does not wish her home to be sold.

Is there any action I could take? Could I be granted letters of administration of the deceased estate? Could my mother make a will?

If you do not know the name of the solicitors who drew up the will and you cannot other-

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

wise trace it, the inference must be that the testator destroyed it and died intestate. As his widow is not able to take out letters of administration herself, your best course would be to apply to have her made a patient in the Court of Protection so that arrangements can be made for administration of her deceased husband's estate and, if necessary, for a will to be made on her behalf by the court. It would not be wise to arrange for her to make a will except through the Court of Protection.

An interest in possession

In May 1962 A settled assets on W (wife) for her life with simple reversion to him, to avoid death duty.

August 1971 A DECLARED by DEED while W still lives that he held his revision in trust for their children.

Will there be any tax when W or W die?

On the death of the life tenant (W) capital transfer tax will be payable on the deemed transfer of the whole of the trust fund as being settled property in which W was entitled to a beneficial interest in possession of the whole, but no charge to capital gains tax would arise.

Recently you were good enough to inform me on a matter of a General Rates Summons (posted to me in my absence) that "Section 109 of the General Rate Act 1967 makes service by ordinary post effective. There is no need to give prior notice of intention to issue a summons."

I enclose a printed form 9 used in possession summonses by me, and the certificate for postal service, wording. If such postal service "did not give adequate advice or notice to the defendant, then the

plaintiff may be ordered to pay costs of setting aside the judgment."

In this case, I was away from home for several weeks. The summons lay on the floor through the letter box. After some four weeks, on return, there came a judgment against the magistrates' court for arrears of rates. If you satisfy the rating authority that you have had no actual notice the authority may in its discretion reduce the costs payable to them, which are in any case small; but they need not pay your costs.

An expensive policy

My husband (aged 28) and I (aged 30), both employed full-time with salaries of £7,200 and £9,500 respectively, have been married two years and so far have not taken out any life insurance or even a mortgage protection plan. All our savings are in building society ordinary accounts. We are just about to move into our second house and expect to get a mortgage of £25,000.

The building society want us to take out whole life with premiums life assurance. But it looks terribly expensive (about £65 a month after tax relief) and you only see any benefit if one of you dies! We would prefer to use an insurance plan to save for middle age, just in case we both make it to 65-70! Could you advise what sort of policy we should join?

Also, while my husband is in a university pension plan, my work provides no pension scheme. Does this mean I should start a self-employed pension scheme and are there any suitable for women who might give up work or go part-time for a period to bring up children?

It would be difficult to think

of worse financial advice than that offered by your building society. Building societies in general have no insurance expertise but a number of them derive substantial revenues from insurance commission and various consumer bodies from time to time publicly criticise certain building societies for the "partial" advice which they give to borrowers.

In your own circumstances your most likely need is a low cost decreasing term assurance policy to cover any outstanding amount due on your mortgage should your husband die before it is paid off. If your husband is paying all the mortgage then you might buy a "life or another" term policy on his life. If you are each paying for the mortgage then it would be sensible to have two policies.

If you die your husband should have a policy on your life to cover your share of the premiums.

As your husband is in a university pension plan already it may not be sensible to lock up your savings in a self-employed policy. Where you cannot touch the money until you retire. Given that you may give up work or go part-time to

bring up children your priorities should be directed more to building up a cash reserve fund for this earlier period in your life when your expenses will increase and your combined income fall. It may pay to forget about the advantages of tax relief on life assurance and concentrate simply on building up cash either in a building society or say index linked National Savings Certificates. Insurance salesmen may try to persuade you to the contrary but do not let yourself be persuaded.

Your only worldwide insurance alternative is to buy larger term assurance policies (not decreasing) by Javel annual premiums so that apart from paying off the mortgage there would be some cash for your husband or yourself if either should die leaving the other with young children to bring up. In addition to cash benefits on death you can use low cost term cover to provide what is often referred to as an income benefit.

But Tyndall Life deserves a closer investigation because it does appear to offer something different.

First, there are the circumstances surrounding the launch of Tyndall has had a life assurance operation since 1965

Tyndall Assurance. This company has around 10,000 unit-linked policyholders and funds of some £60m. But the life operation has been mainly confined to Tyndall's strong unit trust operations, not the marketing of life assurance in its own right. For 17 years of operation £60m is a small figure.

The relaunch of the life

operation is intended to change all this. Tyndall is recruiting a strong direct sales team, as well as operating through intermediaries, under the direction of two former Hambros Life personalities—Dan Done and Derek Jones.

Tyndall Life has also produced a brand new product range, incorporating the latest developments. But it has added two new innovations of its own.

On its regular premium contracts, the investor may index-link the premiums. This enables the investor to maintain his savings in line with

the market.

Thus one major defect of regular savings plans is overcome.

Normally the premium is fixed in money terms, so the benefits do not keep pace with inflation. Life companies would like to introduce an automatic index-

linking of premiums, as with general standard of switching advice has been poor. Tyndall is offering investors a source of professional investment advice at a cost.

A switch costs investors $\frac{1}{4}$ per cent of the amount switched if they do it themselves, or $\frac{1}{4}$ per cent if they use a stockbroker on the STAR panel. Tyndall will pay the stockbroker $\frac{1}{4}$ per cent direct and will be monitoring the performance of members of the panel.

But at the end of the day, unit-linked life assurance depends on the investment performance of the underlying funds and to date Tyndall's record is not exceptional. Many of the new funds will be linked to the old Tyndall trusts. So this is a case of the old mixture in new bottles! The first step—the performance since April 1 1982, the inception date of the new funds—indicates some improvement. But more hard evidence is needed that this improvement can be maintained.

Eric Short

Capital Goods 23.2% Consumer Group 19.5% Financials 30.3% OS 15.4% Others 9.6% Fixed Interest 1.4%

Distribution of Investments by Sector

U.K. 67.4% Europe 1.6% U.S.A. 15.1% Canada 1.7% Australia 3.7% Japan 0.4% Others 4.1%

Geographical Distribution of Investments

Retail Price Index

180 150.6 83.6 1972 1976 1980 1981 1982

302 252.2 284.0 313.4

340 262 286 286

3.93p 4.29p 4.29p

100 1.50p 1.50p 1.50p

127 1.91p 1.91p

1972 1976 1980 1981 1982

Gross Dividend per Share (Indexed)

100 262 286 286

3.93p 4.29p 4.29p

100 1.50p 1.50p 1.50p

127 1.91p 1.91p

1972 1976 1980 1981 1982

F.T.A. All Share Index

100 110 142 150

217.7 240.4 309.7 326.6

76 164.6 1972 1976 1980 1981 1982

Net Assets per Ordinary Share (Indexed)

100 95 132 108p 105p

60p 57p 79p

1972 1976 1980 1981 1982

Total Assets at 31st March 1982: £250 million.

There are signs that the U.K. economy is improving. Companies should be well poised to take advantage of opportunities. However, the world-wide recession means that recovery is unlikely to be rapid.

The U.K. content of the portfolio will be reduced to about 50% and the U.S. and Japan content increased to about 20% each, subject to investment conditions.

A. G. Touche, Chairman



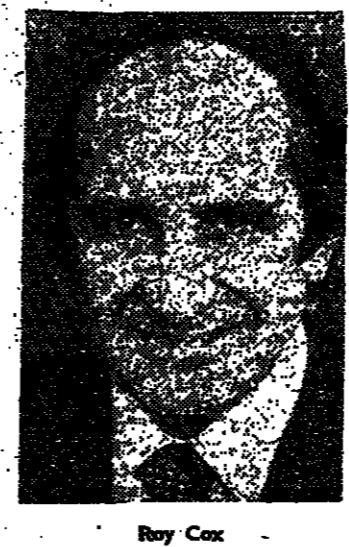
A member of the Touche Rennert Management Group. Total funds under Group management exceed £1,300 million.

The Report and Accounts can be obtained from TR Industrial & General Trust PLC, Mermaid House, 2 Puddle Dock, London EC4V 3AT.

July 1982

Eric Short reports on a new index-linked savings bond

Alliance in the Granny race



Roy Cox

GRANNY BONDS (officially known as Index-linked National Savings Certificates) have been the Government's principal weapon in the war with banks and building societies for savers' money ever since they first appeared in June 1975. They have given the Government the edge in the competition, since the institutions could not match the index-linked guarantee of Grannies.

Banks and building societies have complained ever since of

unfair competition. But quite by chance, this year's Finance Bill restores the balance and enables building societies to offer a Granny-style investment. This week, Alliance Building Society showed how it can be done.

The Alliance Index-Linked Certificate is virtually a carbon copy of the Granny Bond. It is a lump sum investment over a five-year period, with the capital being increased each month in line with the Retail Price Index. The capital can be withdrawn at any time, but like Grannies, index-linking will not

apply unless the certificate has been held for at least 12 months.

Also like Grannies, the certificate will receive a bonus at the end of the five-year investment period.

Alliance is paying 10 per cent of the original investment against the 4 per cent for Granny Bonds.

The index-linked addition, like Grannies, will be free of all income tax and investment income surcharge. But by some quirk in the legislation, the first year's addition will be subject to capital gains tax when the certificate is eventually encashed. But most investors should be able to offset this liability against their annual CGT exemption.

The bonus is, however, subject to higher rate tax on the usual grossed-up basis, unlike Grannies where the bonus is completely tax free. But a 60 per cent taxpayer will receive a

5.7 per cent net bonus, while the investment income surcharge will cut the bonus to 3.5 per cent net.

Comparing the Alliance certificate with Grannies, the basic contract is identical for all practical purposes, while the bonus is higher for all but a 10 per cent taxpayer paying the investment income surcharge.

The maximum investment in the Alliance certificate is £10,000, compared with the £5,000 maximum for Grannies, but the certificate cannot be sold until the bonus is paid.

Under this system, the investor simply leaves his Bond with the bonus to continue to be revalued in line with the RPI.

With the Alliance certificate the investor has to take his money, though he can reinvest it in any other Alliance savings plan that is available at the time.

It is by no means certain that the Index-Linked Certificate will be available in five years' time. Alliance has warned at the outset that the amount of issue will be strictly controlled.

But it seems prepared to accept at least £100m over the next 12 months.

As far as the system works, let's assume a customer agrees to hand over £1,000. This sum will then be placed in a client's account at Lloyds Bank. If the client wishes to withdraw cash he or she may do so provided written instructions are provided. No one from Richard Grenville can withdraw the cash.

In due course when Richard Grenville picks an investment which falls within the scope of

the management agreement then the details of the transaction are sent to Lloyds, and the bank arranges for funds to be made available.

At the end of each quarter

Richard Grenville sends his client an investment report and valuation. A copy of this report is also sent to Lloyds which will then endeavour to verify the statement specifying the investment and cash held on behalf of each client. A second report is sent to clients.

Richard Grenville's fees are based on the size of funds under management.

They range from £150 to

£1,000,000, £1,000 per annum.

£100,000 and £250,000.

Under this system, the client

is required to pay a fee of

£100,000 and £250,000.

As a further safeguard, undrawn income from investments will be paid into a separate account. Lloyds is responsible for checking the account, but it is paid by Lloyds a flat sum based on a percentage of funds under management.

From the first week in May the 75 or so Richard Grenville portfolio management clients will then be placed in a client's account at Lloyds Bank. If the client wishes to withdraw cash he or she may do so provided written instructions are provided. No one from Richard Grenville can withdraw the cash.

YOUR SAVINGS AND INVESTMENTS—2

Paul Taylor reports on the implications of the major banks' decision to cut base lending rates

More options for savers and borrowers

THE DECISION by the major High Street banks to cut their base lending rates by half a percentage point to 13½ per cent of Tuesday, although widely expected in the wake of falling short term UK interest rates, presents personal savers and borrowers with a new range of options.

At the same time the banks cut their seven-day notice deposit account rates by either three-quarters of a percentage point or half a percentage point to 9½ per cent and Midland, Lloyds and Barclays have cut the interest rates charged to their Access and Barclaycard customers.

The cut in base rates, the first since March 1 and the seventh since base rates stood at 16 per cent last October, will be welcomed by personal bank customers with overdrafts but was not large enough to prompt a reduction in either bank or building society mortgage rates.

The reduction in savings rates makes the building societies and National Savings accounts seem even more attractive to tax-paying savers.

Four of the High Street banks—Barclays, Lloyds, Coutts and National Westminster—reduced their seven-day notice deposit rate by three-quarters of a percentage point, thus widening the spread between deposit rates and overdraft charges and joining all the other major banks who reduced deposit rates by half a percentage point to 9½ per cent.

This means that the interest on ordinary bank deposit accounts is worth 8.65 per cent to basic rate taxpayers compared with the 8.75 per cent tax-paid available on most building society ordinary share accounts, equivalent to 12.5 per cent gross.

Higher returns are available on some of the banks' variable interest rate investment and fixed interest rate investment accounts. For example, Barclays' one month deposit investment accounts pay 11 per cent before tax and the bank's three and six month accounts pay 11½ per cent before tax, equivalent to 8.25 per cent and 8.05 per cent tax-paid respectively.

VARIABLE INTEREST RATES						
		Return (%) after tax at				
BANKS		10	30	45	50	55
7-Day deposit		9.5	6.45	5.25	3.8	
Barclays Investment Account		12.5	8.75	6.75	5.5	
3 months		13.0	9.1	7.15	5.7	
Lloyds Option Deposits		11.5	8.05	6.25	4.6	
4 months		12.5	8.75	6.75	5.5	
2 years		11.5	8.05	6.25	4.6	
5 years		12.5	8.75	6.75	5.5	
BUILDING SOCIETIES						
Ordinary share rate		8.75	8.75	6.75	5.5	
1 month notice		9.75	9.75	7.65	5.57	
3/5-year term shares		10.75	10.75	8.45	6.14	
NATIONAL SAVINGS						
Investment Account		12.0	9.1	7.15	5.2	
MONEY FUNDS						
Simco Cal*		12.33	8.43	6.78	4.93	
Tyndall Demand*		12.67	8.87	6.97	5.07	
Fixed Rates						
Barclays Investment Accounts		11.75	8.225	6.44	4.7	
1 month		11.5	8.05	6.25	4.6	
Three and six months		11.5	8.05	6.25	4.6	
NATIONAL SAVINGS						
5-year Certificates		8.92	8.92	8.92	8.92	
(4th issue)						
GILTS (the redemption yields)						
Treasury 3½% 1986*		9.6	8.55	8.02	7.49	
Exchequer 13½% (A) 1987*		13.32	9.11	7.01	4.52	
Exchequer 14½% 1984*		13.03	8.76	6.62	4.49	
* Thursday's figures.						

factors, the annual rate of charge has been reduced to 26.8 per cent when goods and services are purchased and about 27.2 per cent on cash advances.

More significant, someone buying goods worth £100 on either a Barclaycard or Midland and Lloyds Access cards and paying back the amount in full over three months will pay a real interest rate of 16.8 per cent. If payments are spread over six months the true interest rate will be 21.6 per cent.

Access customers who have cards issued by the other Access partners who include National Westminster and Williams and Glyn's banks will have to wait until next week to find out whether their card interest payments are to be reduced although it is generally expected that the other Access banks will be forced to follow if only for competitive reasons.

Barclaycard calculates that, after allowing for minimum monthly payments and other factors, the annual rate of charge is of concern to those elderly investors thinking of using some capital to boost their income. A delay of a few weeks may mean a lower return from their capital.

Thus at a time when life companies are pulling out of the GIB market, they will be interested to hear of one coming into the market today—English Insurance Company.

English is now one of the two life companies within the General Accident Group. It is embarking on an expansion phase, with the GIB as its first move. As the table shows, its rates are the best in the market. But the bonds are only available for a limited period, direct from the company, or from any GA branch.

The anticipated fall in annuity rates is of concern to those elderly investors thinking of using some capital to boost their income. A delay of a few weeks may mean a lower return from their capital.

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TRAVEL

ARTHUR SANDERS



Feluccas on the banks of the Nile

THERE IS only one way for the first-time visitor to see Egypt from the top. After that it is all down hill.

Cairo is too much of a baptism of fire. Its traffic hurries, its noise deafens, its dust chokes and its sun burns. Better by far to leapfrog through Cairo airport and head immediately for the gender—if at times even warmer—temple of the upper Nile.

Holiday memories tend to be mental picture postcard shots rather than vivid continuous recollections of languid days and spectacular trips. My own memories of the Upper Nile are encapsulated in a scene of colonial decadence, sipping sipping drinks on the balcony of the Old Cataract Hotel at Aswan, watching the sunset and observing the scudding feluccas on a darkening river.

It is a remarkably thick-skinned visitor who does not emerge after even a first visit to his first Egyptian archaeological site suffering from amazement. Mighty buildings were erected some 5,000 years ago and many, perhaps a little newer, remain today to make some of the efforts of Greece or Rome look like Lego work.

For the casual visitor what is perhaps most impressive is that all this seems to have come from nowhere. There is little trace of any intermediary stage between warpaint and gold leaf. At one moment, if the relics are to be believed, there was desert and the next there was a civilisation in full flower.

The main course of this impressively rich diet of sights, sounds, smells and monuments is Luxor and, whatever your view about my advice on starting in the Upper Nile, it is Luxor, Karnak and the City of the Dead that will prove the highlight of the visit.

It is not for nothing that recent years have seen an explosive growth of cruise vessels on the Nile. I share most travellers' repugnance to touring en masse, particularly where that group is in enforced

journeys in a bus or boat. But in Egypt, with the Nile as a glittering peaceful M1 running through the middle, to cruise ship is the natural way to see things. It is immensely practical to have the same room to sleep in, make a home of and even spend the seemingly mandatory day or so recovering from the Pharaoh's Revenge in comfort.

The ships come in varying shapes and sizes, from the glittering juggernauts run by Sheraton to small and comfortable craft leased to various tour companies. The smaller vessels are more fun, more like a house party, but the larger ones have more facilities, such as hairdressers, and provide more opportunity for escaping fellow passengers to whom one may not have instantly taken.

In my own case it was a dozen or more people aboard the Abu Simbel, a modern vessel complete with air conditioning and well filtered water but much the same size as the Death on the Nile ship of cinematic fame.

It is normal to join the ships either in Cairo or Aswan and, again, I would urge the latter.

From Aswan, a gentle introduction to Egypt both past and present, you fly up to Abu Simbel. It is there that your eyes begin to boggle into which they are likely to be set for the rest of the trip. Others have described the huge statues of Ramses II that dominate the landscape, thanks to recent rescue efforts which snatched them from the high waters of Lake Nasser. I will not attempt it. All I will say is that the visit will not disappoint unless you are of a particularly dull spirited nature.

Some fabled views are much over-rated. I can recall being deeply disappointed by the

water jet at Geneva when, as a teenager, I saw it for the first time, and I must confess, the Sphinx, weather weary and visitor torn, was another let-down (but not the pyramids).

Abu Simbel, however, I put with the Taj Mahal, the Kremlin and Africa's wildlife as things which words cannot seem to capture.

If Abu Simbel is capped by anything then it can only be the temple at Karnak, just down the road from Luxor and across the river from the Valley of the Kings where lies the tomb of Tutankhamen. Your cruise boat will probably rest at Luxor for a day or more, giving you the opportunity to stroll the streets as well as see the sights. Tours, offering buggy rides, boat trips and shopping bargains are eager to the point of insistence, but not oppressive as they can sometimes become in Cairo itself. Cotton products, if bought carefully, are worth getting.

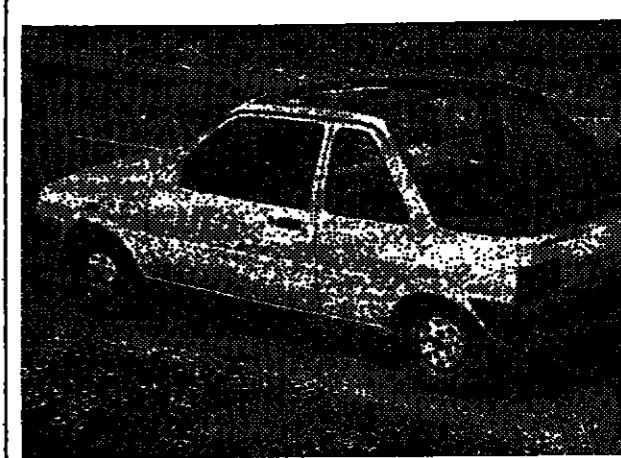
Most tourists seem to come back with a jellabah, that long and cooling Egyptian outer-garment which is certainly pleasant enough to wear and can come in useful for moaning about the heat in a hot British summer. Expect to pay between £5 and £16 for them (Egyptian pounds) according to quality and be prepared to bargain. You may initially be asked for £20 to £30. Avoid tourists selling mock antiquities. Even the stone they are supposedly made of is heavily disguised and usually extremely soft sandstone underneath.

When travelling on the smaller boats you may also find yourself offered Egyptian food and particularly the superb Egyptian flat bread. Things to look for include Focci, a spicy bean and tomato concoction half way between a stew and a thick soup, tahini; kebabs and kofta; and as a delicious dessert, omni-all, a baked melange of rice, raisins and coconut in milk.

Incidentally, it is very pleasant to be able to see the Tutankhamen treasures without the hours of patient waiting that were necessary in London and New York.

© Further information: Abercrombie & Kent, 42 Sloane Street, London SW1X 9LU.

Let in the sun



The Metrosport ragtop

MOTORING

STUART MARSHALL

SUNROOFS make driving much pleasanter in summertime and I wouldn't be without the Panorama glass one in my Peugeot estate. But in a real heatwave, there is nothing to equal a convertible.

The trouble, as no-one needs reminding at the moment, is that sub-tropical spells invariably end in storms. When the sky darkens and the first thunder spots splash against the windscreen, you wonder how easy the hood will be to erect and if it will keep the rain out.

The Metrosport ragtop I have been using this week cannot be faulted on either count. Three times on a 100-mile journey I had to put the hood up when cumulo-nimbus blotted out the sun. I can't say it was just like opening a brolly, but I've had harder struggles with beach umbrellas. Once up, the hood kept out rain that fell like stair rods. If the uncovering and covering up hadn't been so easy, I would have been sweating in a closed car instead of soaking in the sun between the showers.

Abingdon Classic Cars designed the Metrosport convertible and initially made it for sale by Rapport International. When Rapport went out of business, Abingdon Classic Cars—a reincarnation of the failed Mallalieu company—took over the marketing themselves. Metrosports are now leaving the factory, where the main activity is restoring and rebuilding MGs of various kinds, at the rate of four or five a month. It is a clever and appealing

little convertible. As far as the rear edge of the doors, it looks like any other Metro. Abingdon's radical surgery on the sheet metal includes turning the tailgate into a boot lid, remaking the rear quarters with smaller windows and cutting off the entire roof.

A stout, padded roll bar is installed to keep the body rigid. As a result the Metrosport suffers only slightly from scuttle shake (it makes the cascada tremble) when driving over rough roads. The hood sits above the boot, which remains a useful size. Folding the rear seat-backs down more than doubles luggage capacity. Rear passengers have just as much foot, leg and shoulder room as in a standard Metro. The same cannot be said of the VW Golf convertible, which is fair to compare the Metro sport with.

Any Metro can be converted but Abingdon think that most demand will come from MG Metro buyers because the cost £2,850, plus VAT—is high enough to make it hardly worth turning a £3,250 Metro City into a soft-top. Any of the 33,000 members of the MG Owners Club qualifies for a 14 per cent discount on the price of a closed car instead of soaking in the sun between the showers. Abingdon Classic Cars will take it over, but it will cost the buyer £35. If you are still interested, the number to ring is Oxford 730991.

The job takes between two and three weeks. EL cars, who no longer have a convertible in their range since the T37's demise, have shown a lot of interest in the Metrosport but that hasn't stopped them from invalidating the warranty of a converted car. Abingdon Classic Cars will take it over, but it will cost the buyer £35. If you are still interested, the number to ring is Oxford 730991.

Humberts

West Brittany Coast

BOOKS

Aubrey observes

BY A. L. ROWSE

John Aubrey's *Monuments Britannica: A Miscellany of British Antiquities*, edited by John Fowles and Rodney Legg. Volume One £75.00, 666 pages from Little, Brown/Hutchinson. Volume Two £95.00, 568 pages from The Dorset Publishing Company, Milborne Port, Sherborne, Dorset DT9 5HJ.

Of all our 17th century characters—we have a splendid portrait gallery of them—John Aubrey is the most delightful. Pepys as diarist is a close runner-up, just as entertaining—but Aubrey is odder and more amusing. He is much more than that: how much we owe to him for our knowledge of the remarkable men of the past—leading figures in politics and society, army and navy, writers, scholars, scientists, great ladies good and bad. All came within his pen and he noted down all that he could learn about them.

Even now it is doubtful if he is fully appreciated at his true worth. He had an extraordinary eye for significant detail, whether of persons or characters, places, objects, whether natural or fabricated. This should give him an especial appeal today when visual sense is so much to the fore.

He lived through the Civil War. Look at what the Czech artist, Wenceslaus Hollar told him: "When he first came into England—which was a serene time of peace—the people both poor and rich did look cheerfully. But at his return he found the countenances of the people all changed—melancholy, sombre, as if bewitched."

So much for civil war and the Puritan Revolution: it tells one so much more than volumes from the professors—it goes to the heart of things.

Of the odious Puritan,

William Prynne, who did so much to bring it on: "He was of a strange saturnine complexion. Sir Christopher Wren said once that he had the countenance of a witch." He was, of course, an obsessed fanatic. The only good thing about him was his devotion to antiquarian studies. He wore a long quilt cap as an umbrella to defend his eyes from the light. About every three hours his man was to bring him a roll and a pot of ale to refuel his wasted spirits. So he studied and drank, and munched some bread.

Aubrey was a young student at Trinity College, Oxford, when the city was occupied by the Cavaliers. "Our grove was the Daphne for the ladies and their gallants to walk in; and many times my Lady Isabella Thynne would make her entry with a theorbo or lute played before her. She was most beautiful, most humble, charitable, etc., but she could not subdue one thing." She and another beauty "would make a frolic" to tease the old bachelor President, and "come to our Chapel mornings half dressed like angels."

Aubrey's keen eye was not only for people but everything interesting: localities, topography, barrows, hill-forts, sepulchres, urns, coins, antiquities of every kind. We owe to him our first proper delineations of Stonehenge and Avebury, perhaps the most remarkable prehistoric monuments in Europe. Aubrey was called in to explain Stonehenge to King Charles II and James, Duke of York, when they were hawking on Marlborough Downs. But they had never heard of still more remarkable Avebury. Aubrey guided them to it, and gives us a typical pen-and-sketch of the King—who was

BY JAMES FRENCH

The Life and Times of Grigori Rasputin by Alex de Jonge. Collins, £9.95, 368 pages

Two stimulating strands of thought are argued by Mr de Jonge. Rasputin fought for and argued hard for peace (at the expense of being supposed pro-German in World War I) and to save lives in battle. Black though the rest of his character was, he was a humanitarian.

BRIDGE

E. P. C. COTTER

MY TWO example hands today come from Hugh Kelsey's latest book, *The Needle Match* (Faber £7.50), which follows the pattern of two previous books in presenting you with the hands of a team-of-four match. The hands are most instructive, but some of them are extremely difficult.

We will start with defence against a slam contract:

N
♦ 8 7 3
♦ A 9 8 4
♦ Q 9 2
♦ Q 8 5

W
A K J 6 4 ♠ Q 10 5 2
6 5
10 7 4
K 9 2

S
9
A K Q 10 3
A K J 8 5
A 10 4

A trump, then? No, that might give him an extra entry

to dummy, and again help the dummy reversal. You certainly will not lead from your club King. So that leaves diamonds. That is right—a diamond continuation gives the declarer nothing he cannot do for himself. He can get to dummy twice in order to make two spade ruffs, but he will not be able to enter a third time to draw your partner's last trump.

Now you are declarer in three no trumps:

N.
Q 52
Q 4
Q 862
♦ RQJ5

W.
A 9 4
10 9 8 7 2
K 7
♦ 8 7 2

E.
Q 5
10 9 4 2
♦ 10 8 3

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You are West and cash the Ace of spades, on which your partner plays the five—how should you continue? Declarer is marked with a singleton spade, and his shape is probably 14-5-3. He has, therefore, ten top tricks, and a spade ruff in hand will give him eleven. Should you lead another spade? No, that would help him to operate a dummy reversal by ruffing two spades in hand. He will ruff the spade, finesse the nine of diamonds—an extra entry is essential—ruff another spade, cash King and Queen of trumps, cross to the King and Queen, draw the last trump, and claim, twelve tricks.

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HOW TO SPEND IT

by Lucia van der Post

Browning versions

THE acquiring of the ritual tan seems to be a mandatory part of most people's summer, part of the ancient rites to which most of us subscribe. Turn up at our annual summer tribal gatherings, looking (to borrow the vivid words of one observer of the American scene) "wet, plump and oven-ready" and all but the most socially confident feel ill at ease.

Hand in hand with the modern passion for a suntan, however, has come scientific knowledge which tells us increasingly that endless sizzling in the sun can do untold damage. At its worst it can cause skin-cancer but probably more worrying for most of us is the fact that it undoubtedly ages the skin cells. You may look golden at 25 but you'll probably be paying for it at 40.

However, this doesn't mean that you have to stay slug-white all summer long. If you look around you will see that many people clearly past the first blush of youth seem to be sporting a "just-back-from-the-south-of-France" glow. Some have done it the hard way—using careful sun screens and exposing themselves gradually to a little more sun each day—but others are taking increasingly to the artificial ways of browning.

The easiest, quickest and cheapest way to fake a tan is to apply one of the many fake tan creams on the market. They all contain a chemical known as DHA which aficionados will know has a rather distinct, slightly pungent smell which can be a disadvantage—I tried it out the day I was going to a rather grand dinner and rather regretted my lack of forward planning.

You can use fake tanning creams yourself at home but it isn't always easy to get a very realistic effect. Great care needs to be taken, particularly with areas like heels, elbows and knees, under-arms and the like, but it can be done. Much simpler and really very cheap is to go to one of the professionals who will apply it with great care, making sure that the skin is well-moisturised at the same time.

I tried Violet Adair at Galatea's, 1C Palace Gate, London W8. Her salon is below the Galatea's hairdressing salon and is very comfortable with facilities for all sorts of others treatments and the UVAsun tanning method as well.

It cost £2.05, took half-an-hour and apart from the slight odour, which you can wash off after about eight hours, it seemed to have no disadvantages.

By the morning I was brown, could have worn any low-cut evening dress (apparently many women come to have this treatment with summer evening dresses in mind) and only a slight yellow around the heels made it seem any different from the real thing. However, Violet Adair points out that the creaming method is ideal for quick, short-lived results—it doesn't really last much longer than a week. If you're going straight off on a



summer holiday it does give you some protection against the rays of the sun itself. You can then go out into the sun with a cream with a middling sun protection factor and know that you will brown safely.

The other way of acquiring a tan without going in the sun is by using one of the many salons offering UVA sunbeds. These work on the principle that they screen out the harmful burning rays but produce long-wave, non-burning rays which, after several uses, will trigger off the skin's melanin producing cells (which make the tan).

Incidentally, if you want to look up salons in your own area offering these sun-beds it is as well to know that there is now an Association of Sun Tanning Operators which has been organised by

some practitioners to try and enforce a strict code of practice to make sure clients are safe from "accidents."

Besides keeping members informed of up-to-date medical research and all the latest developments the Association will also train members in the correct use of the equipment, so it is probably worth checking whether or not an operator is a member.

Another member of this office, Feona McEwan, tried out the UVA sunbed at Brownies, 32 Feathers Place, London W1. She is Scottish, has skin that she says never tans at all, and was thrilled at the chance of seeing whether or not Brownies could do anything for her.

Brownies uses stripped tubes radiating UVA rays and said that because she had the fairest skin type of all she would need six sessions (first one 30 mins and later ones 45 mins) in order to begin to look as if she'd been in the sun. She found that she had to "lie like a slab of beef, topside and backside to the tubes of UVA rays, turning over from time to time to avoid stress points." She found the device a trifle claustrophobic at first (a transparent roof, unique to Brownies, is lowered over the body) but after three sessions she had mild bikini marks and was told by her friends that she was "looking well."

After the fourth session she threw away her foundation bottle and she now fully intends to go once or twice a week until her American summer holiday. By then her skin will be broken in and she will be able to go on tanning in the sun itself providing she uses a lower sun protection factor cream than would ever have been possible before. She experienced no burning sensations at all and feels it is the answer to the hitherto insoluble problem of how to look halfway healthy on a beach. At £6.90 a session, it isn't cheap but it is the nearest thing to a real, lasting tan.

Our third guinea pig, Lucinda Wetherall, tried the UVA sunbed at Images of 19 Paddington Street, London W1. Though blonde, Lucinda's skin is much less sensitive than Feona's and she found that after three sessions on the sunbed she had a distinct tan, without going through what she describes as her normal "beefrost phase." The sunbeds at Images work on a high pressure mercury vapour system (others are usually low pressure which means the tanning takes longer) and are exceedingly expensive to buy which is why the sessions at Images cost £12.50 per half hour.

Many of Images' clients come for a course of about four sessions at the beginning of the summer and then come fortnightly for top-ups. Lucinda found it a lovely way of going brown because it was gentle, gradual and now leaves her with a skin already partially protected against the harmful rays of the sun itself.

that you never look at properly? If you're anything like most of us you probably have lots. Many of us never take out our transparencies and look at them properly simply because it is all much too difficult. See and See is a neat, new little product that should help change all that. It is a cleanly designed, simple, translucent tray that holds 13 slides firmly in place—in this way they can be stored easily. When you want to look at the slides there is a small viewer, or magnifying unit, which clips on to the tray and moves up and down and across so that all the slides can be properly milled over. It magnifies five times.

Devised and developed by Robin Clover, it is made in Britain. You can buy the complete box-viewing frame, lens, slide holder and one slide tray for £5.95. A ring binder to hold the trays costs £2.95 and a pack of three trays is £1.45. Find it in all photographic departments including Boots.



WE'VE HAD the highly scented, brightly coloured, elaborately named products with which to wash, shave and deodorise our skins... but as we learn more about skin care the mood is increasingly among consumers is back to things pure and simple. Which explains, perhaps, why Simple soap—a relatively diminutive company among the soap giants—is grabbing an increased slice of this competitive market.

"It's phenomenal," says Simple of its booming sales. And when you consider how understated all the products are—no colour, no smell, functional packaging, minimal advertising—it would seem to be so. Yet those who use the soap (bath size 42p, hand size 25p), the tan 75p, the anti-perspirant roll-on 96p and the Shave Foam 95p keep on coming back for more.



Boots' Country Gel—enough to make your hair stand on end

square three-pin plugs as well as round two-pin ones and earthed appliances as well. This means you can use it for shavers, toothbrushes, curling tongs, hair dryers, travelling radios, radios and all the rest of the gadgets that we now cart around with us. £4.45 from all Woolworth branches.

During August, if you can wait that long! Woolworth will be selling the Krups Turbo 2-speed 240 volt hairdryer for just £5.99 (usual price £6.99). Also from Woolworth is a

PHOTOGRAPHED right is an exceptionally attractive collection of tableware from the 'Reject' China Shop of Beauchamp Place, London SW1, all of it ideal for al fresco summer eating. Once upon a time the first Reject China Shop opened at 33-35 Beauchamp Place and it became a Mecca where all young-marrieds and others who were as canny if not as impoverished went to buy their china. Nowadays it has expanded greatly and there is a large shop on the corner of Beauchamp Place and the Brompton Road as well, primarily stocked with fine bone china dinner and tea ware.

The shops are now open seven days a week and there is a mail order catalogue as well so that those who can't make it to Beauchamp Place can still take advantage of its ranges. Though the name implies that the shops sell nothing but seconds this is in fact not the case—the shop sells mainly first quality china, pottery, crystal and glass. However, there is

always a collection of second quality or "reject" tableware and though the flaw is usually only very small, it does mean the prices are usually lower, too.

In the picture above is a collection of very Italian looking kitchenware, which is imported exclusively by ICA, a very British firm.

In white, bordered with green

A frying start to summer

SUMMER in England is like no other summer. It is wasps and the lay-bys filling up with picnickers, it is the bathing costume and hasty dashes from beach to car. It is limp lettuce leaves and diacid sandwiches, it is anxious scannings of the sky and Crimplene dresses and white cardigans.

But sometimes, just sometimes, summer in England is also days with friends in rose-filled gardens, it is the music at Glyndebourne and sunny days in poppy fields, it is the sound of tennis balls at Wimbledon and the splash of oars at Henley. Above all it is the touching optimism that this year, on yes, this year it will be different.

Some years, indeed, it was all different. Nobody can forget the summer of '76—the year the pubs ran dry, when the trees on the commons died from drought, when sales of swimming pools and lagers of ice-creams and sunsets went through the roof. It was also the year we first began to take to the barbecue. We began to see that there was more to eating out of doors than the occasional Pimms and strawberries and cream, that barbecuing might become a more regular part of our summer way of life.

The great joy of barbecuing, it seems to me, is that it lends an air of pleasure and spontaneity, a feeling at once festive and informal, to the simplest of meals. It releases the cook from the incarceration the job usually requires and makes the serving of summer food a relatively trouble-free process. To the fish or meat on the barbecue need be added only some crisp salads, potatoes baked in foil and fresh fruit to follow, though ambitious cooks can always try more complicated recipes.

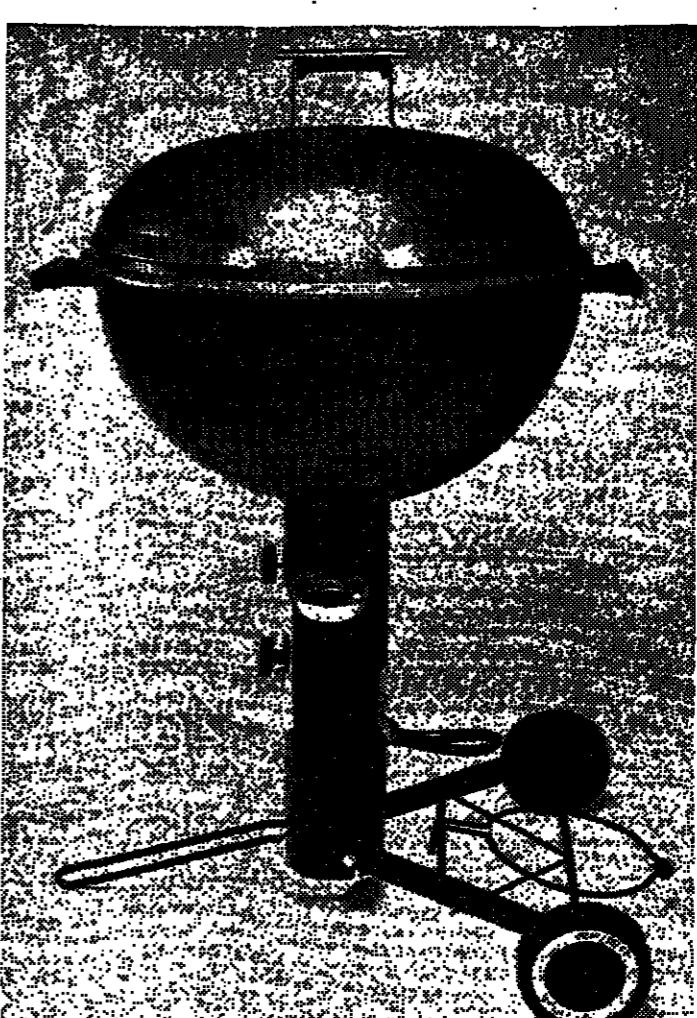
Interest in barbecuing is increasing yearly, but it is still what the trade calls "a fairly young market." When BBC Radio 4 ran a 'phone-in' programme on the subject of barbecues in its Tuesday Call slot this week it was inundated with questions. Most of the questions were of the fairly basic sort like "How to light the barbecue?" "How to prevent the fat dripping on to the embers?" and "How do I cater for 100 people?"

For those who are complete beginners but want to take the plunge, probably the best bet is to buy one of the basic books of instruction that are on the market. It is always worth noting that almost all good makes of barbecue are sold with very useful, informative leaflets which are well worth taking the trouble to study.

Homework

One of the best books I know on the subject, Heinz and Geneste's *Barbecues and the Joy of Cooking on an Open Fire* is out of print but if you can find a copy in your local library, do consult it. It assumes you know nothing and takes you from basics like fuel and improvising a barbecue through to delicious suggestions on what to cook.

James Marks of the Barbecue Association, one of Tuesday Call's invited experts, has also



Photographed above is the Weber 224 ins Gas Kettle—in black it is £230, in red or chocolate, £240. The great advantage (though to me it seems a bit like cheating) of a gas kettle is that you get all the pleasures of outdoor cooking but have none of the hassle—no bother with lighting, fuels, or cleaning. The gas kettles are self-cleaning—you simply turn the heat up and they clean themselves. There is a charcoal Weber kettle, also 224 ins at £124.20 in black, or £135.70 in red, chocolate, blue, or green. These are big enough to take a large 20 lb turkey, several chickens or a large rib of beef as well as ancillary things like sausages and/or potatoes

produced an eminently informative book on the subject called simply *Barbecues*, it is £1.35 and is published by Penguin. James Marks is one of those dedicated enthusiasts for the barbecuing way of life who is so keen to spread the gospel that he will answer and deal with any reader's questions on the subject. Besides giving free advice he also runs Weber Barbecue, one of the best-known names in the barbecue kettle world. The Barbecue Association is at 60 Claremont Road, Surbiton, Surrey (Tel 01-390 2022).

For Londoners, there is now a barbecue specialist shop called The Emporium at 141 George Street, London W1. The barbecue side is run by another barbecue enthusiast—David Fortune, and besides selling every kind of device from the simplest Hibachi (still, in my view, one of the best for those who want a small, portable outdoor cooker) to a kettle capable of roasting a jolliet for up to 40 people, he also sells every conceivable accessory.

There are cookbooks and woods to burn, charcoal and herbs, party lights and fire lighters, barbecue tools and

rotisseries. Above all, what you will find there is enthusiasm—you can feel free to ask any question, no matter how basic, and be sure that it will be sympathetically answered. These barbecue enthusiasts are gluttons for punishment.

Before deciding on what kind of barbecue you would like to buy, the most important point to sort out is how often you are likely to use it, followed by what sort of cooking you intend to do on it. If you think you are really going to take to barbecuing you could start

with a small one, like say a Hibachi, just to get the hang of it and then buy a much larger one later on.

If you only want to do small things like sausages, chicken pieces and chops then David Fortune says that something like the Party Chef is very good value for money. If you want to be able to roast either whole chicken or a joint of beef or lamb you will need either a rotisserie or a large sized kettle.

Kettle barbecues are useful because they are very flexible and can be used to cook a wide variety of foods. The cover keeps the oxygen level down so that flare-ups are less likely to occur, they also use less charcoal and they offer the simplest way of cooking large roasts. You can cook, do kebabs, you can cook casseroles and indeed consider it virtually as a complete outside cooker.

Lighting up

When it comes to lighting the barbecues (Tuesday Call's most common question was about lighting) David Fortune recommends that you cover the area you want to use with charcoal briquettes—this will be the number of briquettes you need. You should then stack them up like a pyramid, add fire lighter and light.

The charcoal should be left for at least 20 minutes and it is ready when it is covered with a light layer of grey ash. Never cook while the fire lighters are still alight or a nasty taste of paraffin will permeate the food.

When it comes to cleaning, David Fortune says that there is little problem to this, particularly if you take some care with them.

Firstly, don't leave them out in the rain. The cheaper models will rust and then all you can do is rub them down with oil. When cooking, line the bottom with aluminium foil before putting in the charcoal and this will help keep it clean. Once a year he recommends giving a good clean with an oven-cleaner, otherwise just wash down in between use.

The Emporium has a small leaflet which it is happy to send to readers in return for a stamped addressed envelope. Write to 141, George Street, Edgware Road, London, W1.

The leaflet lists a wide variety of barbecues from simple Hibachis to elaborate kettles and has some useful general hints.

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ARTS

Disappointing Tonys of a dull Broadway

BY FRANK LIPSIUS

The Tony award show, entrusted since time immemorial to Alexander H. Cohen and his wife Hildy Parks, lacks the courage to lure its audience to the theatre. It is just a variety show with periodic suspense, an update of *This Is Your Life*. But as that show might leave skeletons locked in its guests' closets, this one keeps buried from the American television public the near-secret that the American theatre still, in its humble way, does promote drama.

Broadway theatre, as seen in this show, consists only of musicals, since the pretent of honouring the Imperial Theatre (for no apparent reason other than it has not been knocked down recently) gives the producers the thematic hook of presenting musical numbers from the rich past of the Imperial. History, however, equally serves as an excuse for the dated costumes, lacklustre choreography and uninspired singing of the musical numbers. The one memorable revival was a medley of Irving Berlin tunes including songs from that first musical of women's lib, *Auntie Mame*.

The Tony awards show is perhaps so disappointing because in its awkward way it detracts from what one might want to remember of the season. It was hardly noticed that a

Pulitzer-prize winning play, *Crimes of the Heart*, won no Tonys, attributable, in large part to the formidable competition of *Nicholas Nickleby*.

Recognising the competition, the producers of *Crimes* tried to relegate *Nicholas* to its own special category *honors de combat*. The theatre community showed some principle in rejecting the special pleading, and the *Crimes* producers could only solace only in the likelihood that Master Harold... and the boys was runner-up to *Nicholas* at best play anyway.

After Fugard's latest work, *Master Harold* had its premiere at the Yale Repertory Theatre (for no apparent reason other than it has not been knocked down recently) gives the producers the thematic hook of presenting musical numbers from the rich past of the Imperial. History, however,

equally serves as an excuse for the dated costumes, lacklustre choreography and uninspired singing of the musical numbers. The one memorable revival was a medley of Irving Berlin tunes including songs from that first

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perhaps so disappointing because in its awkward way it detracts from what one might want to remember of the season. It was hardly noticed that a

father-daughter combination, since her father Christopher was nominated for best actor, which was won by Roger Rees as Nicholas Nickleby). Miss Plummer won the featured actress award for her role in *Agnes of God*, a melodramatic combination of *Equus* and *The Exorcist* in which Miss Plummer plays a young nun naive enough to attribute her pregnancy to divine forces.

For best actress, for which Miss Plummer was nominated for her role in last summer's production of *A Taste of Honey*, the winner was Zoe Caldwell, a splendid Medea in an unusually faithful classical production directed by her husband (Robert Whitehead). Though called "freely adapted" by Robinson Jeffers, the play is pure Euripides in appearance, mood and the relentless progression toward its shocking climax. While *Medea* was nominated as best reproduction of a play or musical, the winner was *Othello* starring James Earl Jones and Christopher Plummer.

Despite the dominating presence of *Nicholas Nickleby*,

whose four Tonys included best director honours for Trevor Nunn and John Caird as well as best scenic design for John Napier and Dermot Hayes, the Tonys tend to favour those shows currently running which might also have been a first



Director of 'Nine' Tommy Tune surrounded by members of the cast

Judith Pearce BY DAVID MURRAY

There is plenty of music for soloists, and with and without piano (or harpsichord), but for an ambitious recitalist the pickings are rather slim after the 18th century. A small handful of good sonatas, some short showoff number, the odd fantasy (like Berio's *Fata Sequenza*); the upshot is that flute programmes tend to be biting or over-familiar, or both. On Thursday in the Wigmore Hall, Judith Pearce did much better than that, with three substantial sonatas by only Prokofiev's D major one well-known, and deservedly so — along with a rewarding premiere.

Most often admired in Nash Ensemble concerts, Miss Pearce's flute tone is satiny and seductive, notably subtle in the lower register, less open and impersonally bright than the sound cultivated by many British flautists. Her scrupulous phrasing is always musically: the total effect is of a

special individual voice placed selflessly at the service of her composers. So it was with Nicholas Maw's new *Night Thoughts*, an elaborate sonata construction, for which she conjured up a sound of fine warmth and breadth. Maw's line here is lyrical and liquid, drawing knowingly upon interval-variations and drops that sound particularly lovely on the flute. Its development is discreetly pointed with enough harmonic hints to make it transparent even to a conservative ear, and it travels a considerable expressive distance. At first hearing, some quick episodes seemed only bits of conventional contrast, but that impression may disappear on acquaintance; the whole is certainly no mere occasional piece but a ripe contribution to the repertoire.

Miss Pearce had begun with a stylish account of an unaccompanied C.P.E. Bach sonata, though it took the verve of the

finale to bring her to her most confident form. By the end of the recital, with the Prokofiev sonata, everything she did was freshly persuasive: she made nothing insistent of the virtuoso figure, but filled out the dimension of the work with splendid resources of colour and weight. Her pianist, Peter Pettinger, matched her reading with his own incisiveness, never threatening their balance. Plainly he delighted his earlier part in a delightful rediscovery, of Carl Reinecke's "Unindie" Sonata of 1885 (inspired by the story of the water-nymph), which tells its tale through four extended movements — much in the way that you would expect of a good, gentle German Romantic, and very disarmingly. It ripples, bubbles and sighs, with sweetly melancholy tunes; Miss Pearce has rather the aspect of an appealing sprite herself, which gives her an unfair advantage in the piece.

All too rarely nowadays does Al too rarely nowadays does Kubelik leave his own Bavarian Symphony Orchestra to make guest appearances in London. On Thursday he conducted the London Symphony Orchestra in the Festival Hall, and made of it a memorable occasion that served to underline his absence: a programme of surprising juxtapositions — Bruckner's ninth symphony preceded by Vaughan Williams' *Fantasia on a Theme of Thomas Tallis*.

Both are works intended to be performed in large spaces, and for acoustics far more generous in their reverberation than the Festival Hall. I doubt if Bruckner's symphonies often get the resonance their echoing silences demand, but the *Tallis Fantasia* still seems as close to the cathedral for which it was written as to the English church music that it enshrines. Kubelik's performances was thus inevitably not the atmospheric, specially "English,"

sound that Vaughan Williams' admirers would regard as ideal: indeed it also lacked the peculiar rhapsodic ecstasy from which the work (and many of its progeny, right through to Tippett) derives its emotional weight.

But here was Vaughan Williams' masterpiece delivered in an impressive plainness, without, to take up the architectural associations, Gothic exorcises. The antiphonal effects were placed in precise perspective; the solos for the string quartet had a lingering beauty. In listening to Kubelik conducting this music was to be quickly reminded that here was the conductor who had made the invaluable recording of Piltzner's *Palestrina*; the worlds of English and Germanic conservatism in the first decades of this century were much closer than is always appreciated in strictly linear views of musical history.

To hear this conductor take

on the most uncompromising and dissonant of Bruckner's symphonies was equally fascinating. In his posthumous autobiography, John Culshaw presents the intriguing cameo of Kubelik as the arch-traditionalist, doing his best to soften the impact of the dissonances in the first movement of the *Eroica* Symphony. Yet if in Bruckner he considered any such attempt it did not show. The stark, elemental contrasts of texture and harmonic that Bruckner employs more daringly here than anywhere were given sharp, immediate impact, and even in the heaviest tutti the orchestral sound never lost its clarity.

And a similar concern to

avoid the superficial and to

ensure the most detailed articulation gave the performance an unusually dispassionate stance.

Even in the dispassionate heights of the first movement the woodwind solos were picked out with precise efficiency.

Next day on Radio 4 we

plumbed the other end of the social spectrum. To mark the assassination of John Lennon, four young men from Hull decided to have *A Night Out With the Boys*, to use author Frederick Harrison's title.

Young men, I called them; but they were teenagers in the heyday of the Beatles, and now,

At some period in their golden lives, they have at any age learnt how to express themselves in phrases like "You drop a stone in it, it sinks"; all that's left, it ripples"; and "All it was was the consolidation of teenage traumas, which I bet sounded good as they went to art school."

A word of welcome for *Beating Time* by Anthony Hopkins, who has been "Talking about Music" on the BBC since 1982. Of course he has done a good deal besides that, probably more than one notices, for how often does anyone spare a word for "incidental music"? Mr Hopkins seems to have had a happy life since he was 16 months old, when he almost died of appendicitis. Certainly he has had his misfortunes, like failing his exam for the LRAM teacher's diploma and breaking his finger as he went up to the platform for his first recital. But he has had plenty of good fortune to make up for it, such as the possession of an enviable series of fast motor-cars.

John either can't or won't tell anything about himself, though oddly, he provokes Kate into asking him about his background. When she learns is curious — born in Nazareth, son of a carpenter, etc. Then John confides his message: "What I say to you, I say to everyone, stay awake". I do not know, he adds, when the moment will come. Stay awake is indeed valuable advice; for John and Alan go in Kate's friend's car, and they leave her marooned at a distant petrol-station.

I couldn't make head or tail of it. But it was nicely played by David Hayman (John), Dennis Clark (Kate) and Bill Paterson (Alan), and directed by Patrick Rayner.

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COLLECTING

Incomparable Bow

BY JUNE FIELD

The first village we come to is Bow, where a large Manufactory of Porcelain is lately set up. They have already made large quantities of Tea-cups, saucers, etc., which by some skilful persons are said to be little inferior to those which are brought from China.

— Daniel Defoe: *Tour of Great Britain*, 1748.

Unless you can enjoy the delights of Bow without shuddering at the odd chip or crack, then it is not the factory for you, says English porcelain expert Anne George of the wares of the first successful commercial porcelain venture in Britain.

Bow is a factory for the real collector. There is no room for anyone who is too concerned about condition, because the very soft Bow paste and glaze is much more liable to stresses and the honourable scars of two centuries than for instance the harder, more durable Worcester porcelain."

As managing director of Albert Amor (first established by an antiquary of that name in 1903), Mrs George has organised the gallery's delightful loan exhibition, "Bow Porcelain, circa 1747-75," at 37, Bury Street, London SW1, until June 24 (Monday-Friday, 10 to 4.30). The display is in memory of collector extra-ordinary Geoffrey Freeman, and to coincide with the catalogue raisonné of his collection as well as to complement a fine studio book on Bow. It is also a fitting follow-on to the excellent Bow Porcelain exhibition put on by Stoke-on-Trent Museum and Art Gallery last autumn.

The original principals behind Bow in 1747 were

Thomas Frye (1710-1782), Irish artist and mezzotint engraver, Edward Heylin (1695-1758), originally a clothier of Bristol, and Alderman George Arnol (1691-1751), wealthy liverymen of the Haberdashers' Company. Their objectives were to manufacture porcelain in competition with Chinese and Japanese imports, so "New Canton" was the name given to the factory set up in Stratford Road, Bow in Essex, now Stratford High Street, New Town.

The detailed story is told in Elizabeth Adams' *Bow Porcelain* (Faber and Faber £27.50). Miss Adams spent 15 years investigating the long-neglected factory, and Dr Redstone, collector and archaeologist, conducted the series of excavations in 1969 on the factory site. The scholarly work illustrates a large number of pieces and delineates their shapes and marks.

Mr Freeman, who died in January, built up his remarkable collection over only nine years, buying with the help of his main dealer Robert Williams. From the first it was intended that the collection should be visually historical and comprehensive, and in the foreword to *Bow Porcelain* — The Collection formed by Geoffrey Freeman, written and compiled by Anton Gąsiewicz (Lund Humphries £30), Dr Bernard Watney, English Ceramic Circle president calls it an incomparable collection of Bow, a fine and memorable display, whose strengths are variety and excellence.

The handsome book is beautifully illustrated, a tour de force of chronologically, listed items. Mr Gąsiewicz, who looks

Bow for sale, and for what Mrs



Mongolian Heads in "Bow Porcelain circa 1747-75" exhibition at Albert Amor, 37 Bury Street, London SW1, until June 24.

George refers to as "something nice and pretty in blue and white" such as a pickle tray, saucer or cream boat, the cost is around £200. For a coloured plate you would need to be prepared to spend up to £500 depending on the degree of rarity, although a plate in the popular quail pattern could be bought for just over £200.

(Opinion is sometimes divided as to whether a two-quail pattern really represents partridges. In John Bowcock's Memorandum Book there is a note on July 24 "To buy a partridge either alive or dead," presumably for a designer to draw from.)

At Winifred Williams, 3 Bury

Street, SW1, until 18 June, Monday to Friday 10.30-4.30. Robert Williams has a fascinating exhibition One Hundred Animals and Birds in 18th Century Porcelain, which covers various English, European and Oriental factories, and among the Bow is a delicious pair of tiny dolphins, c 1760, £260 the two.

There is not a great deal of Bow going through the salerooms at the moment, but at Sotheby's New Bond Street salerooms on Tuesday July 27 there is a rare early Bow vase estimated to make £700 to £900, and a figure of a fisher girl after a Meissen original, about 1755, £250-2450.

Trevor Bailey assesses form for the World Cup

England's improved chance

THE WORLD Cup starts in Barcelona tomorrow when the holders Argentina meet Belgium in Group Three. There are a total of eight groups each containing four countries and the UK is especially well represented with three teams, Northern Ireland, Scotland and England.

Considering their lack of outstanding players, Northern Ireland have done very well to qualify for the World Cup. Although form suggests that Spain and Yugoslavia are the two sides from Group Five who should go forward into the second phase of the tournament, the Irish, under their manager Billy Bingham, have developed an infectious almost club-like team spirit which enables them to play above their true potential, so that they are capable of causing an upset.

In spite of their recent defeat by England at Hampden Park Scotland, at their best, are a very formidable combination which contains some exceptional players, individually, probably cleverer than the English, but collectively, less effective.

On this occasion, they are unlucky to find themselves in the powerful Group Six which also contains the strongly fancied Brazil and Russia, with New Zealand cast as the sacrificial lamb. The Scots possess the ability, the passion, and the skill to raise their game for the big occasion. This will be required, if they are to overcome the brilliance of the Brazilians — who have already turned in a couple of impressive warm-up performances, destroying a team from the Republic of Ireland and scoring 13 goals against a Portuguese first division club in Portugal — and if they are to stop the very able and disciplined Russians whose one weakness appears to be an inclination to be too predictable.

Although England were often disappointing in the qualifying stages, it was only nine months ago that Ron Greenwood's team lost 2-1 to part-timers, Norway. They have achieved six successive wins since and were rightly full of confidence when they left for Bilbao on Thursday. Of the UK teams, they obviously have the best chance of reaching the second phase and the semi-final, because the other members in Group Four — which they have been seeded to win — are France, Czechoslovakia and Kuwait, one of the weaker groupings.

The big improvement shown by England in recent matches owes much to the appointment of Don Howe as coach. It has led to a noticeable tightening up of their defensive strategy, especially in the covering after an attack has broken down. They will not be the most attractive team in the competition and are unlikely to score many goals; indeed, goals are likely to be in short supply throughout. But they should be very hard to beat.

This factor should prove enough to see them through to Phase Two Section B, when their most probable opponents are West Germany and Yugoslavia as likely winner of Group Two and runner up of Group Five respectively. England will then have two tough but not impossible matches to reach the semi-final which the combination of odds and home advantage suggest will be against Spain.

The natural affinity with the South American nations combined with the Gibraltar situation, and events in the Falkland Islands, means that the British teams are liable to receive an unfriendly, possibly hostile reception in Spain. This will certainly be a new experience for Northern Ireland who as regular under-



England's new coach Don Howe

dogs have grown to expect the support of most neutrals. The attraction of the kilts and headwear sported by so many fans combined with the style of their team, has also meant that Scotland is usually well received, providing of course, their followers behave themselves.

Adverse barracking should have no effect on the experienced and mature England team. Indeed, it could even act as a spur, while the current unpopularity of the English in Spain might help to quieten the activities of our more moronic fans.

Spain's big worry at the present moment is that the World Cup will prove a financial disaster, as demand for both tickets and accommodation are well down on what was expected, while there is also some concern that all the arrangements will have been completed in time for the kick-off.

John Barrett on the question of soft and hard courts

Winners for all surfaces

THE NEWS that five of the world's top men will not be at Wimbledon underlines the disturbing fact that the men's game seems to be fragmenting as too many tournaments chase too few star players. Those players who specialise on a particular surface avoid other surfaces where they would risk a bad loss.

This tendency has always been most marked at Wimbledon and Flushing Meadow because there are fewer tournaments on grass and asphalt — both fast surfaces — than on slow clay or the indoor plastic carpets which vary in pace but are generally slow.

In last year's Grand Prix competition there were 32 tournaments on clay, 31 indoors, 17 on asphalt or cement and only 11 on grass. In addition this year there have been ten World Championship Tennis tournaments: all of them indoors or on clay.

This is why Wimbledon, with only a few weeks to build up on grass, is the most vulnerable of the three major championships. Furthermore the scheduling of a Davis Cup round in the week following Wimbledon (all of the European and South American matches on clay) has led many clay court players, sometimes on the insistence of their national associations, to avoid Wimbledon.

Ivan Lendl, Czechoslovakia's latest champion ranked four in the world, is a classic case. His well publicised criticism of Wimbledon's treatment of players may be largely sour grapes. Although he has won



Ivan Lendl

15 of his last 19 tournaments, has a poor Wimbledon record.

In 1978 he won the junior tournament en route to being voted the World Junior Champion by the International Tennis Federation. In 1979 he was unseeded and lost in the first round to Peter McNamara. The following year, seeded 10, he lost in the third round to Australia's Colin Dibley. Last year, inadequately prepared on grass, he was seeded four and lost his opening match to another Australian, Charlie Fancutt.

The Italians and Spaniards to whom the Davis Cup means so much have often put up

paration ahead of Wimbledon and other prominent individuals like Harold Solomon, Eddie Dibbs and Eliot Teltscher, all Americans who think they cannot excel on grass, have regularly missed Wimbledon. This year, of course, the crisis in the South Atlantic will keep away both Guillermo Vilas and Jose Luis Clerc as well as other Argentinians who would otherwise have played.

For years Jimmy Connors missed the French Open and many European and South Americans are always absent from the U.S. Open because they cannot function on the fast, hard asphalt at Flushing Meadow.

It is reasonable for lesser players with limited budgets to plan their tours around surfaces where they perform well merely to raise their world rankings. But for any player in the top ten who seriously wants to become the world's number one, as Lendl avers he does, it is self defeating to avoid unfavourable surfaces.

All the great champions of the past from Tilden, Borotra, Perry, and Budge — before the war — to Drosby and Rosewall, Trabert and Santana, Laver and Emerson proved their ability by winning on all surfaces.

Thus it is premature to judge the quality of some of today's champions. Until Borg has won the U.S. Open and McEnroe has mastered the art of clay court play, until Lendl has won on grass, we shall not be able to assess their true worth.

RACING

BY DOMINIC WIGAN

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Rhetoric and reality

EVENTS HAVE a cruel way of exposing the rhetoric of good intentions, which is the stock in trade of those who write summit communiqués. No sooner had the ink dried on the calls for freer trade made at last weekend's seven-power economic summit in Versailles than hopes of a voluntary deal to restrain steel imports from Europe into the United States collapsed amid recrimination on both sides. This week's Nato summit in Bonn was also marred somewhat by the failure of Western leaders to agree on a joint statement on the Israeli push into Lebanon.

And yet it could have been much worse. At the political level there has been considerable agreement among the leaders of the main industrial countries. The Bonn meeting did succeed in reaffirming the unity of the alliance on matters within the Nato area. Who, moreover, would have expected at previous Nato summits to hear the Prime Minister of France, which was removed by De Gaulle from the integrated military command structure of Nato, speak enthusiastically of the American military presence in Europe? Who, at President Reagan's inauguration, could have foreseen that the United States would shortly be placating West German sensibilities with a proposal for the "zero" option to rid Europe of intermediate range tactical nuclear weapons?

The British, too, have cause to look back on the summits with some satisfaction. Mrs Thatcher emerged with useful support for the British action over the Falklands both from her host, President Mitterrand at Versailles, and from President Reagan, whose reference to the Falklands in his speech this week was warmly received. The mass of British people still appear to be firmly behind the Government's policy, notwithstanding the news of serious casualties following the bombing of landing craft at Fitzroy in East Falklands.

Diametrically opposed

The real bones of contention over the past few days have been economic rather than political. Nothing that was said or done at Versailles can alter the fact that the United States and France, with others ranged at varying points in between, stand at diametrically opposed ends of the spectrum on what should be done to generate economic growth and reduce unemployment.

Nor has there been much genuine progress on the issue of intervention to stabilise exchange rates—a point to which the franc's continuing decline against the dollar adds piquancy. President Mitterrand's failure to announce a tough package of austerity measures at his Press conference this week no doubt reflects a realistic assessment of the

art of the possible. But with the resources dwindling rapidly, it looked curiously like a new Gaullist version of the now defunct policy of benign neglect. For President Reagan the problem is more one of translating good intentions into reality. With the mid-term elections precasting in on him and the Republicans under pressure, particularly in the mid-west, no one is more anxious to see interest rates come down sharply than he.

Some relief was forthcoming this week when the U.S. House of Representatives passed a Republican budget proposal calling for a deficit of just under \$100bn so removing the previous deadlock.

Compensation

But that will not be enough to take the United States or the rest of the world off the hook of high real interest rates. A budget deficit of \$100bn or more still appears too high to investors on Wall Street whose fingers have been so badly burned in the bond market over the past two years that they want substantial compensation, in the form of high real interest rates, for the inflation risk they see as inherent in the budget deficit.

One of the least expected consequences of the shift in economic management towards money supply targeting is that it imposes a high political cost on an American president who insists on having both guns and butter.

The domestic problems that the British Government confronted this week were concerned with the area of the body politic that money supply targeting cannot reach—that is to say, the public sector, where the battle over pay is becoming more intense. Any sentiment of national unity created by the Falklands crisis quickly evaporates when subjected to the collective bargaining process. In its row with the National Health Service unions, the Government hinted that it might be prepared to give the nurses more than the 6.4 per cent pay rise now on the table, but appeared to dig in its heels over the 4 per cent being offered to other health workers. British Rail stood firm on its 5 per cent pay offer, despite a strike call by the National Union of Railmen. And Mr Arthur Scargill threatened national action over closures in the Kent coalfield.

Threats of industrial disruption have yet to reach the point where they are a serious worry to the stock market. But with little to look forward to on the domestic front, now that the clearing banks have reduced their base rates, the international climate remains important. The failure of the FT 30-Share Index to break through the 600 barrier probably owes much to events in the Falklands and in the Middle East. The real world will not go away.

Letters to the Editor

Falklands

From Mr J. Flinn
Sir.—Most of the current debate about what should happen after our "victory" seems to assume that things will stay the same—particularly in South America—after we have thrown the Argentines out. It seems certain in fact that changes will take place.

Your Lombard column of June 3 identified the changes most likely to develop in Argentina after the conflict. Once the people realise that their military threw away the best chance they've ever had of obtaining some sort of sovereignty over the Falklands they can't last long.

The Junta, however, will try to save face, and I expect them to look for a consolation prize. Judging from your reports from Chile (June 4) about Argentine allegations of Chilean help for the British task force, it seems that they might seize the disputed islands of Lennox, Nueva and Pictor in the Beagle Channel.

The military's responsibility for "Las Desparecidas" could come home to roost. And a South American Nuremberg may result. The Junta should look to Spain if it wants to know how a civilian government may punish military leaders who transgress upon democracy.

J. G. Flinn
19 Ashfield Road, Leicester.

ment of companies even more "asymmetrical" than it already is with the government. Is that the aim or is it rather a reviving corporate capital market?

That there is inequity in the taxation of the inflation premium in rack coupon issues the government has conceded. The inequity is inherent in the current symmetry of the (generous) treatment of the borrowing company and the (mean) treatment of the tax-paying lender. Reducing the inequity means reducing the symmetry. That is where the dialogue should start, not stop.

John Percival
La Chaise,
24350 Tocane, France.

Lloyd's
From Mr J. Burrows
Sir.—The Lloyd's Bill before the House of Lords divides those members who do not work at Lloyd's from those who do by separate representation on a governing council.

A Lloyd's contract of insurance binds every participating underwriting member for his sole account in the profit or loss accruing from the risk, in return for a premium. Thus all underwriting members have an equal and undivided common interest in providing security to the insured, and this requires unlimited liability.

Since accepting this fifteen years ago I have been well content with the conduct of my underwriting affairs by my agent. To ensure the duty to the insured is properly discharged all have been able to nominate and vote for the controlling committee of 16 from among whom the chairman and deputy chairmen are elected.

If the Bill is enacted I shall be placed on a register of "external members" and permitted in future to vote only for eight external members who with the committee, and three outside nominees, form the new council. This was proposed by Sir Henry Fisher's report and it is probable that some other more equitable conclusion would have been reached had any of the 300 per cent majority membership who do not work at Lloyd's been

asked to join his working party, and so argue against being disenfranchised.

While accepting the composition of such a council, I shall not be able to accept its authority and discipline, unless it has been freely elected by all members on a simple democratic one man one vote postal ballot basis. Only then do all members have an equal interest in expressing through their votes their views on the way in which affairs are to be conducted.

The Bill provides the society is not to be liable to members for damage for negligence or breach of duty. If it is enacted as it stands I shall no longer be able to accept the responsibility I have to the insured and will be forced to consider whether I can continue as an underwriting member. An errors and omissions insurance policy could give the council all the protection necessary without immunity.

Simple amendment to the Bill will enable the present principle of a single electorate to continue, without classification and special resolutions.

I hope that Lloyds can continue as a unified body to serve the public interest by efficient self-regulation.

J. D. Burrows
Copthold, Bury,
Pulborough, West Sussex

Pharmaceuticals

From Mr D. Warburton
Sir.—In his letter (June 3) the director of the Association of the British Pharmaceutical Industry asserts that if generic drugs were prescribed this would be a "major disincentive to research investment... and would result in a significant loss of jobs." Unfortunately for Dr Arnold, all the objective studies indicate a totally opposite effect. There is sufficient evidence from U.S., Sweden and elsewhere to disprove the claim on jobs. A recent study indicates "particularly strong earnings growth" in respect of generic drug manufacturers.

Dr Arnold's assertion that research in the UK is "spent on

searching for totally new effective drugs..." is unsupported by any independent analysis. In fact the World Health Organisation has repeatedly condemned the over proliferation of brand name drugs, particularly those which limited or even banned in developed countries—advertisements and sold over the counter in Third World nations.

Pharmaceutical companies have yet to state exactly how much they spend on "development" as distinct from new basic research. It is also a fact that research into certain areas has been stopped by companies primarily because the profit opportunities are not attractive enough.

I regret that Dr Arnold resists his defence of the indefensibility to one of questioning my motives for raising the issue. The same argument may well be forced to consider whether I can continue as an underwriting member. An errors and omissions insurance policy could give the council all the protection necessary without immunity.

Simple amendment to the Bill will enable the present principle of a single electorate to continue, without classification and special resolutions.

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J. D. Burrows
Copthold, Bury,
Pulborough, West Sussex

Accounting

From Mr A. Tomlinson

Sir.—Professor Myddleton (June 2) believes that in my letter of May 24 I asked whether accounts should allow for general inflation; in fact I asked why it should be preferable for business accounts to allow for changes in general price levels (ie. general inflation) rather than changes in the level of prices specific to the business in question.

As far as I can see neither he nor the other respondents

HOARE GOVETT'S U.S. DEAL

Financial Times Saturday, June 12 1982

Why the market is buzzing

By Barry Riley, Financial Editor



Richard West, Hoare Govett's managing director, has opened the door—will others follow?

bank is seen as being very adventurous.

At present, however, Hoare Govett does not do any dealing for Security Pacific, and the question of whether it might handle any portfolio dealings by the Californian bank in the London market is still undecided. Whatever happened, such business would never be substantial enough to challenge the 20 per cent rule. But Hoare is very keen to ensure that its London clients are completely happy about the Security Pacific deal.

The brokers are anxious to emphasise that there will be no change in the traditional way of dealing with London clients. Hoare remains optimistic about its London business, and it has just clocked up record profits in the year ended last month.

It claims a positive reaction to the Security Pacific link from a variety of London contacts, including clearing banks, merchant banks, the Bank of England and various investment institutions.

New Hoare Govett will enter into detailed discussions with the Stock Exchange, which had been told something was in the wind but was not given the name of the firm's chosen partner until last Wednesday morning. It is unlikely that there will be any serious problems.

Hoare is playing very much by the rules so that the Security Pacific stake takes the required form of a mere "investment". The bank will not be too serious.

The overseas picture was quite different, however. It already had extensive operations abroad, especially in the Far East, and it has made plans to open a New York office. Some 50 of its 450 staff work abroad.

Attractive opportunities for a brokerage house have been opened up by the rapid growth of international portfolio management, with U.S. funds now diversifying overseas in a way which has already become familiar in Europe.

It so happens that during the past two years Hoare Govett has become quite close to Security Pacific, the common stock of which it introduced to the London stock market in 1979. Last month it suddenly became apparent that it would become possible for a worthwhile shareholding link to be forged.

The firm was in a position to react almost instantaneously when the change in the rules was properly announced.

The amount of money involved is not being disclosed, and only part is going directly into new capital, the rest will be absorbed by a partial offer to Hoare's 100 or so existing shareholders.

Hoare Govett is seeking to forge a link with the existing 27% capitalisation of the balance sheet.

The additional capital will give Hoare Govett more resources to push ahead with its overseas plans. It will be hoping to market its Far Eastern research work more actively in the U.S., just as the Japanese securities houses do, and the link with a West Coast

There remains the intriguing possibility that commercial pressure may be too strong for the Exchange's members

If combined with special capital structures of the Robson Cotterell type, an investment institution channelling its securities dealing business through a broking firm in which it had a large stake might be able to get a significant proportion of its commissions back in dividends. This could be seen as posing a threat to the Stock Exchange's fixed commission structure.

To begin with, the suggestion was that the Stock Exchange's jobbing firms which deal with brokers and not the public directly—were more likely to require capital. At one stage the possibility of permitting 49 per cent outside stake was being discussed.

Then, more recently, majority opinion on the Council of the Stock Exchange inclined towards a relaxation of the 10 per cent rule, it was clear that strings would have to be attached.

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These commission rates, however, are often "bent" in other ways. Broking firms sometimes deposit substantial sums in interest-free current accounts in order to secure the business of merchant banks. Various services are provided free by brokers to big clients. How much bending of the rules would be permissible in this case? In the end it was decided that no firm should normally derive more than a fifth of its total business from a major shareholder.

There was, however, a desire to seem even-handed between jobbers and brokers. So a general rule was devised, and the maximum stake set at a compromise figure of 29.9 per cent. This has the advantage that it is the same level as that set in the Takeover Code as the limit for shareholdings which do not trigger a full take over bid. It can be said to mark the hazy borderline between

dangerous to set precise rules that could be cleverly evaded; better to do the fine tuning when a test case was made.

Whatever the precise implications of the rule book, however, it is important to remember that Stock Exchange firms are also restricted by purely commercial considerations.

Brokers know, for instance, that if they become too active in areas like new issues or discretionary management of portfolios they run the risk of being shunned by the merchant banks, which control vast investment portfolios.

And if they acquire a merchant bank or a pension fund as a big shareholder, other clients may suspect that the shareholding institution is posing a threat to the Stock Exchange's fixed commission structure.

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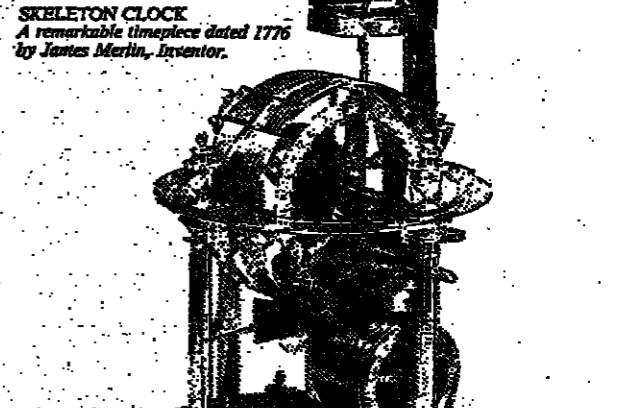
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Robert Graham reports from Madrid on some last-minute snags in staging the month-long World Cup

The tribulations of the humanised orange

BEHIND A veneer of calm the organisers of the 1982 World Cup football competition have had some appalling last-minute hitches.

With the opening match due tomorrow between Argentina and Belgium in Barcelona, imagine the poor officials who this week discovered that the newly made doors to the Nou Camp Stadium had all been put on the wrong way.

Then the five authorities blandly announced they were unwilling to licence more than 102,000 spectators to use this, Spain's largest stadium. Tickets had been sold on the basis of accommodating 120,000.

And as this was not enough, the 4,500 participants

free area enlarged. "Even if it's up to the kick-off, everything will be ready. It's always like this," one official commented in Barcelona yesterday.

Thus, a bit like a well-painted stage prop which hides the electric wires, Spain will be putting its best foot forward as it receives its biggest exposure to the outside world during the month-long football competition.

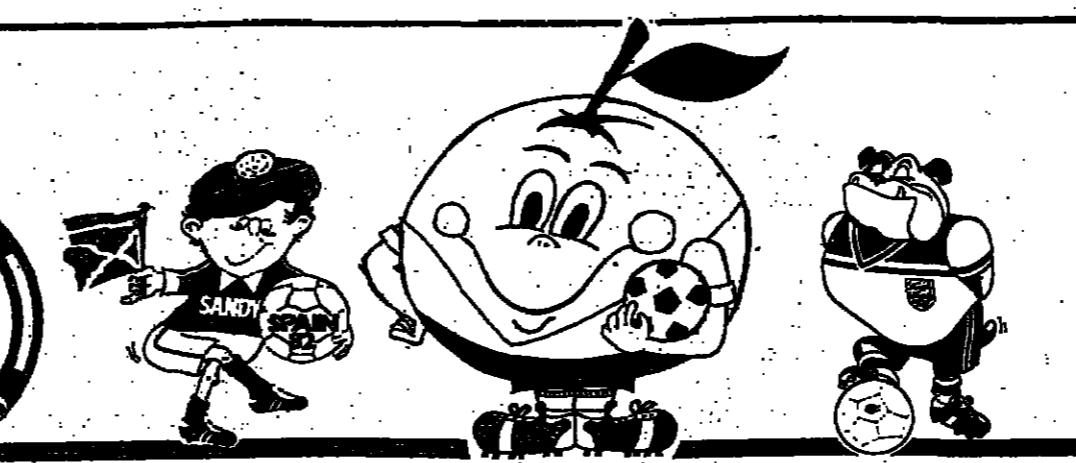
The high points of the Cup are likely to be watched by 1.2m TV viewers world-wide. Over 7,000 journalists, photographers and technicians from radio, TV and the press are here to satisfy the hunger for facts, tributes, excitement and scandal in the world's biggest single-sport jamboree. The BBC alone has more than 150 people here.

Apart from good soccer (the main objective which frequently gets lost) there are two classic Fleet Street ingredients which are liable to be milked—the whiff of uncertainty about possible terrorist incidents already being treated in the genre of "terror backdrop to soccer fiesta", and the more certain prospect of a tribal war on the terraces if any of the British teams end up playing the 1978 champions, Argentina.

Trouble from the British fans has been a source of frequent contact between consular officials, British and Spanish police.

One precaution at least is that fans will be allowed nothing more than plastic cups in the stadium. Fans have also been warned of the seductive cheapness of Spanish liquor and the eccentricities of Spanish policemen (they carry guns and tend to use their truncheons before asking questions). In Malaga where the tattered tattered fans are based some cells have already been cleared in the police station.

The Falklands conflict also



Symbols of the 1982 World Cup: Kuwait's football-playing camel, Scotland's Wee Sandy, the Cup's humanised orange mascot "Naranjito", and England's cartoon-character bulldog.

provides potential dynamite for incidents, especially that the Spanish have decided so openly to back Argentina. The groundswell of anti-British sentiment over the Falklands pervades most of the country save the Basques who are rooting firmly for England.

The England team should feel at home in Bilbao—playing in a stadium where one of the first trainers was an Englishman, where the team has an uninterrupted view from its hotel of the entry to Bilbao port. The Scots are down at Sojo-grande, the luxury hotel and villa development near the frontier with Gibraltar. They are congratulating themselves on not taking up an offer by the Gibraltar government to stay there—the offer was made in the belief that the border would be open. The Northern Ireland team is staying some 300 km up the coast at Valencia.

No one seems to know just how many people are going to come to Spain during the next month. Normally during this period Spain welcomes about 4m visitors. Mundespana, which

has organised the foreign ticket sales, originally thought that up to 1m would come for the soccer. This has been scaled down to 260,000. Even this could be optimistic.

Mundespana's sales policy has proved little short of disastrous. It set out with the sound idea that to avoid confusion it would be simpler to sell a complete World Cup package that included entry tickets, air fare

abuse at Mundespana is obliged to make major cancellations of hotel bookings. In some instances in the Basque country these cancellations have been up to 100 per cent while in the case of Valencia up to 30 per cent of all bookings have been called off. Mundespana is also awash with tickets. "Trunkmen" as one official said.

This touches on what all too often seems to be the real driving force behind the Cup—a magnificent occasion to promote products and generate tidy profits. The competition is being organised by a committee headed by a Spaniard, Sr Raimundo Satorra, in conjunction with the Spanish Football Federation and Fifa—the governing body of international football.

Fifa agreed to let a Swiss company, Rofa Sport, obtain the three most important and costly commercial contracts related to the competition—the world TV rights outside Spain, static publicity and commercialisation/merchandising of the competition. Rofa Sport paid SWF 35m (about £1m) for the TV rights, SWF 30m (about £8.25m) for

A magnificent occasion to promote products and generate tidy profits

and hotels. The packages were to cover the two phases of the Cup.

Having thought that up to 200,000 packages could be sold for the first phase Mundespana has sold only 25,000; and of the 40,000 targets for the second and final phase no more than 25,000 tickets are believed to have been sold.

The Spanish Press has hurried

instance more than half of the 5,000 Argentine bookings have been cancelled because of the Falklands conflict. It is also thought that this may affect some of the casual attendance from British fans since a lot of people were expecting to come to Spain "to see the football" without a ticket, or hotel booking.

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Rofa Sport paid SWF 35m

(about £1m) for the TV rights,

SWF 30m (about £8.25m) for

static publicity and SWF 28m

(about £7m) for commercialisa-

tion rights. Rofa Sport then

ceded these rights to a Monaco

registered promotion company,

SMPL. The latter in turn con-

tracted the London-based con-

sultancy and sports promotion

group West Nally which is run

by sports commentator Peter

West and Patrick Nally.

West Nally got Cup promo-

tion off the ground by agree-

ing on the mascot—"Naran-

ito", the humanised orange. It

was also responsible for setting

up a joint company with the

Spanish Football Federation,

Ibermundial, to promote the

merchandising of the competi-

tion. The relationship between

West Nally and all these

various companies has created

considerable confusion, espe-

cially after West Nally pulled out

having failed in April to agree

on a renewal of its contract.

Patrick Nally was one of the

original signatories in the

agreement between Rofa Sport

and Fifa for the concession of

rights.

But some of the business

community are still putting

their hopes in how the

Kuwaitis will perform. The

best is the Argentine star striker Maradona. Ten days ago he signed a Pta 77m (£4m) transfer contract with his Argentine club to Barcelona and he is under contract to Coca Cola (one of the ten companies which have bought rights to static publicity) and Agfa. His face and name appear on every other billboard quite apart from the news stories.

But some of the business community are still putting their hopes in how the Kuwaitis will perform. The

Before the first game each player received £4,000

Kuwaiti team is from the smallest football base of any of the competing nations. Kuwait has only 14 clubs and 1,638 players. To match the triumph of their participation a massive Kuwaiti contingent including the Emir is expected to turn up at Volodolad where they are due to play. The team has been given up to £200,000 for getting to the World Cup and this week a Kuwaiti spokesman said that before the first game each player had received £4,000.

The Spanish Government is meanwhile ringing its hands in the hope that the national team will put in a strong performance. With a nation riding high on a football with this will eliminate a good many of the bad political memories of the past few months—and there are enough of these with a divided government party and a military establishment angry that the Government is contesting lenient sentences in the recent trial of those responsible for the 1981 abortive coup. Perhaps this is really what the World Cup is for.

Indices of average earnings for April. Indices of basic rates of wages for May. BR discusses pay with unions. Twenty-four hour stoppage by health service workers.

THURSDAY: Provisional index of industrial production for April. UK banks' assets and liabilities and the money stock (mid-May). London dollar and sterling certificates of deposit (mid-May).

FRIDAY: Retail prices index for May. Tax and price index for May. Mrs Margaret Thatcher addresses UN session on disarmament in New York. Who has come out of the Cup

TODAY: Mr Leon Brittan, chief secretary to the Treasury, and Mr Cecil Parkinson, Conservative Party chairman, attend Welsh Conservative Party conference in Llandrindod. Labour Women's conference at City Hall, Newcastle (until June 14). Mr Arthur Scargill, president of the NUM, speaks at South Wales miners' gala in Cardiff.

MONDAY: European Parliament begins five-day session in Strasbourg. EEC finance and agriculture councils meet in Luxembourg. Provisional retail sales figures for May. BIS annual report published. Church Commissioners annual report and

WEDNESDAY:

THURSDAY:

FRIDAY:

WEDNESDAY:

BUILDING SOCIETY RATES

	Deposit rate	Share accounts	Sub/pn shares	*Term shares	
				%	%
Abbey National	8.50	8.75	10.00	10.75	high option, 9.25-10.75 1-5 years
Aid to Thrift	9.55	9.80	—	—	5 years sixty plus, 10.25 1 year open bondshares
Alliance	8.50	8.75	10.00	10.75	5 years, 10.25 4 years, 10.25 5 years, not int pen
Anglia	8.50	8.75	10.00	10.75	5 years, 10.25 1 month, not all int. loss
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice
Bridgwater	8.50	8.75	10.25	10.75	5 years, 9.85 2 years
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75 on balances of £10,000 and over. Escalator shs. 9.25-10.75 (1.5 y.)
Britannia	8.50	8.75	10.00	10.75	5 years option bond, 10.00 2 months, not int. loss
Burnley	8.50	8.75	10.00	10.75	5 years, 3 months, not int. 9.75 1 month, not int. loss
Cardiff	8.50	9.25	10.25	9.50	on bal. £3,000-10,000, + to £30,000
Catholic	10.00	9.00	10.00	9.25	on shares balances of £5,000 and over
Chelsea	8.50	8.75	10.00	11.00	3 years—90 days' not on amt wdn.
Cheltenham and Gloucester	8.50	8.75	10.00	—	Gold Account Savings of £1,000 or more (8.75 otherwise)
City of London (The)	8.75	9.10	10.25	10.25	Capital City shs. 4 months' notice
Coventry Economic	8.50	8.75	10.25	10.50	4 years, 10.25 3 years, 10.00 3 months
Derbyshire	8.50	8.75	10.00	9.25-9.85	(3 months' notice)
Ealing and Acton	8.50	9.25	—	9.95	2 years, £2,000 min. int. loss
Gateway	8.50	8.75	10.00	10.75	2 years, 10.25 3 months, not int. loss
Greenwich	8.50	9.00	—	10.2	

UK COMPANY NEWS

UK losses take toll on Pilkington

HIT BY a £29.2m increase in UK losses to £41.3m, taxable profits of Pilkington Brothers, glass manufacturers and processor, fell by £27.6m to £22.4m for the year to March 31 1982. The dividend total, however, is being held at 10.5p with a second interim payment of 5.5p net.

At midway, when a decline from £35m to £22.9m was reported, the directors said seasonally stronger UK demand and a reduction in redundancy costs would result in an improved second-half performance. In the event, this period contributed £30.5m (£45m).

They now say there are some signs that worst of the UK recession is over and the company will begin to benefit from an economic recovery. However, demand is still weak for many of the company's products, and this, combined with further continuing redundancy costs —

£211.3m (£9.4m) this year — will again depress current year trading results.

Overseas, prospects are for another good performance overall.

Trading profits from overseas companies, which improved from £60.3m to £68m in 1981/82 included Flaschig's Group for the 12 months, compared with seven months previously. But sales volumes and pressure on selling prices reduced net profits to about the same amount for both periods.

Good performances were achieved in South Africa, Australia and South American countries.

Vidrieria Argentina, held by a subsidiary in the Netherlands, represents 2.4 per cent of the total group assets employed. Trading profits, which were higher than the previous year, represent 16 per cent of the

group's trading profits from overseas companies.

Licensing income at £39.4m (£23.3m), is again "satisfactory" and benefited by £2.4m from lower exchange rates.

A number of the earlier licences granted to the major glass manufacturers have now expired, and although new licences are still being signed, income is expected to fall by about a third next year and then remain relatively stable for some years.

During the year, group capital expenditure on fixed assets was

Expenditure on investments and acquisitions was £45m, the principal item being a further increase in holding in the Flaschig's Group to 77 per cent.

Although borrowings have increased during the year and are reflected in higher interest costs of £19m (£12.5m), the group's

balance-sheet remains strong with a debt/equity ratio of 1/3.2.

Turnover for the year rose from £78.8m to £95.9m, while trading profits fell from £48.2m to £26.7m. These were struck after depreciation of £70.2m (£45.3m), replacement of fixed assets £9.4m (£9.2m) and obsolescence of fixed assets £5.9m (£7.1m).

Pre-tax profits included a £6.3m (£10m) share of associates. Tax absorbed £49.9m (£32.2m) and, with minorities taking £9.8m (£8.1m), there was a loss per £1 share of 3.82p (24.6p earnings) or an extraordinary credit of 1.77p (14.4m debt).

This arose mainly from profits on holdings in various

On a CCA basis, taxable profits are shown at £34.3m (£26.3m) and the loss per share at 13.4p (16.4p earnings).

See Lex

Wigfall deeper in the red

AFTER REPORTING losses of £1.8m at the midway stage, the directors of Henry Wigfall and Son hoped for some progress by the end of the year. This hope was not, however, fulfilled and losses for the full year to March 31 1982 plunged to £3.72m. This compared with profits of £834,000 in the previous 12 months.

Turnover of this retailer of electrical goods, furniture and fashionwear, fell from £45.3m to £42.1m. No dividend is being paid for the year — the previous total was 6p.

Chairman Gordon Hazard, the chairman for the second half, followed the same adverse trend which was reported at the half-year. He believes, however, that the present year will demonstrate important progress towards the goal of re-establishing the company as a viable and profitable enterprise.

The pre-tax loss was after depreciation up from £5.9m to £6.47m and interest charges slightly lower at £2.34m (£2.62m).

There was no tax against £135,000 lost year.

The retained loss was £3.3m and retained profits of £186,000. The loss per 25p share was 71.5p against earnings of 9.8p. On a CCA basis, there was a pre-tax loss of £4.17m (£8,000).

See Lex

Johnson & Firth Brown larger loss at midway

TRADING LOSSES of Firth Brown and interest charges which, although they fell from £4.07m to £3.5m, were still substantial, left Johnson and Firth Brown, the specialist engineer, with a pre-tax deficit up from £2.85m to £3.95m for the half-year to March 31 1982.

Firth Brown's problems, caused by the recession, have been exacerbated by the collapse in world aerospace industry demand, explains Mr J. M. Clay, chairman. Consequently, he says, further retrenchment of the subsidiary will be necessary and benefits from this are now showing through.

The group loss per 25p share increased from 3.2p to 4.2p and the interim dividend has again been omitted. Last year, a nominal 0.001p net was paid as a dividend, with the company £3.66m (£393,000) in the red.

As regards prospects for the remainder of the current year, a reduction in extraordinary debits from £4.71m to £3.14m

is this time, cut the annualistic deficit from £7.50m to £5.19m and preference dividends from £224,000 (same).

Mr Clay reports that, apart from Firth Brown, the rest of

the group is trading profitably, with a pre-tax deficit up from £2.85m to £3.95m for the half-year to March 31 1982.

Overseas, Cannon-Muskegon

was adversely affected by the aerospace recession and this has led to a reduction in its share of associate profits.

Over the past few years the group has sold certain subsidiaries and closed marginally loss-making activities, thus releasing the cash tied up in working capital. These savings have restricted the rise in borrowings which occurs when profits are inadequate to finance cash requirements.

The board, he says, anticipates demand will slowly but steadily improve.

First half turnover totalled £91.74m (£117.94m) and the trading loss turned in at £514,000 (£794,000 profit). This broke down as: steel £1.43m loss (£12m profit) and engineering £1.21m profit (£17,000 loss), with central administration charges taking £324,000 (£307,000).

Before tax of £287,000 (£260,000), losses were struck after the inclusion of £65,000 (£1,000) for share of associates.

A reduction in extraordinary debits from £4.71m to £3.14m

See Lex

Ophthalmics push UKO into £0.5m loss

AFTER AN exceptional debit of £933,000 for the year to end-March 1982, UKO International incurred a pre-tax loss of £833,000 against previous profits of £1.35m. Group sales remained steady at £50.65m compared with £51.71m, after allowing for the sale of William Page and Company at the end of the previous financial year.

The directors of this manufacturer of ophthalmic lenses and spectacle frames, with interests in catering, have decided not to propose a dividend for this year. Last year a total of 5p was paid.

At the interim stage pre-tax profits slumped from £1.11m to £48,000.

Ophthalmics, particularly in the ophthalmic division continued to be extremely difficult, say the directors, and the year's result was adversely affected by a number of non-recurring exceptional charges.

The catering division made lower profits of £783,000 (£933,000) on sales of £11.55m (£11.31m). The directors say the division is well placed to meet future opportunities.

The ophthalmic division had losses of £1.27m (£364,000) on sales up at £39.1m (£38.55m). The exceptional debit comprised £263,000 for re-organisation costs, £20,000 for accelerated depreciation at the Mill Hill central site, and £20,000 for non-recurring exceptional charges of £27,000.

There was also a reduction in profits from overseas companies of £272,000. An extraordinary debit of £198,000 (£833,000) has been made against reorganisation costs of the Ouest Optique subsidiary in France.

The tax charge was much lower at £50.65m and losses per 25p share before extraordinary items emerged at 3.5p (earnings 6.7p) and 5.2p (earnings after).

Net external borrowings showed a reduction of £1.8m (£77,000 increase).

● comment

For the first time UKO has returned a pre-tax loss for the year, and the dividend was paid, but this came as no surprise to the market, the share price gaining 1p to 49p. In the absence of a recovery in demand, UKO has done its best to reduce costs: the workforce is now 2,600

strong, a drop of 600. stocks have been cut by about £2.5m, with interest charges coming down by 15 per cent to £2.2m.

The lens market is undergoing something of a shake-out world-wide, and with prices fixed in dollars, sterling is no longer an alibi, according to UKO's neck.

However, the substantial increases in NHS charges on lenses in April is not good news for the company in the current year.

The on the catering division is almost entirely due to the sale of William Page, but in the remaining business, the manufacturing side took something of a beating. In March Consult International took a 9.5 per cent stake in the equity, but this has recently been reduced to about 8 per cent. UKO is capitalised at £5.62m, under a third of net asset value.

See Lex

In addition the directors say there were other non-recurring costs estimated at £90,000 due to de-stocking, plant and equipment carried out during the year.

Lens manufacturing was only 75 per cent of those sold. The reduction in inventory amounted to £2.5m. The directors state that factory production is now in

be restored until the autumn.

The appliance division is recovering from the fire damage which caused a temporary shortage of products, and had an adverse effect on its market share of cooking products. The joint-venture with Glen Dimplex has made a satisfactory start and progress is being made towards an early return to profits.

The industrial division was hit by a further slump in demand for foundry and plastic services, and some redundancies were necessary. However, the successful full introduction of garden furniture into this division will make the second half more buoyant.

● comment

After three years with brakes hard on Burco Dean thought it was back on course at the end of last year. But in its concern to get the figures right it over-

looked its products. Eastman kitchen furniture has been squeezed at the cheap end by such companies as MFI, while up-market, despite a price advantage, it has been battered by continental manufacturers. The division hopes to restore sales strength through the recent widening of its range. On the appliance side much store is placed in the joint venture with Glen Dimplex which permits a sizeable cut in overheads. With better quality output we hope is now to gain ground as a small operator in severely depressed market. Overall, however, there is unlikely to be any upturn in demand for the group until late summer leaving any possibility of a return to profit probably well beyond the September 30 year end. Yesterday the disappointments pushed the shares down 3p to a 1982 low of 25p.

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UK COMPANIES

REPORTS TO MEETINGS

Taylor Woodrow ahead in first half

FOR the first five months of 1982 profits are running at a slightly higher level than those of the same period of the previous year, Mr R. Pritchett, chairman of Taylor Woodrow, told members at the annual meeting.

He reported a current order book of £230m, representing a decline of 27.1m, with £68m in the UK and the balance overseas. He said the level of orders was "not unsatisfactory" in today's market conditions.

Mr Pritchett added that conditions within the building and civil engineering industry remained difficult with competition continuing to be keen, which affected the margins from new work.

In the Middle East he said the volume of new work becoming available was much reduced although the group had recently won a contract in Saudi Arabia, worth more than £150m.

The International division had won a share of Phase II of the Trans-Gabon railway in Africa, worth about £40m. In the UK, the group had gained a £22m contract for building RAF operational headquarters at High Wycombe, Bucks.

The contract in Trinidad, which caused a substantial provision in group accounts, continued to receive close attention.

Demand for products at home and overseas of Coates Brothers had been sustained throughout the first part of 1982. Sir Richard Mayes, chairman, told members at the annual meeting. However he pointed out that there was no evidence yet of a significant upturn in the UK economy and profit margins were still under severe pressure.

He added that high interest rates in the group's main overseas territories had made problems worse. Profits for the first six months would show an improvement on the previous year, but would not be as high as those in the second half of 1981.

L. J. Dewart Holdings was

on course to achieve its first half sales target of more than £15m, with profits exceeding £1.35m against £1.08m in the same period, said Mr Alastair Dewart, chairman.

"There are too many uncertainties to make a firm forecast of the full year's results," he said, "but I am hopeful that the progress achieved in the first half will continue in the second half."

In the current year he expected output to increase to a higher level. He also predicted that net investment income in the first half of 1982 would substantially exceed the previous figure of £146,000.

Although the first few months at Brown Boveri had already brought a substantial improvement Mr E. Bielinskis, said that a full recovery could be expected in 1982. Orders in virtually all sectors of business were substantially higher than in the comparable period last year.

He said that drastic measures had been taken to deal with problem areas. A more competitive level of productivity had been restored but more was still to be done, particularly with product development.

Successful expansion was achieved in the year under review at Ward White Group, Mr Philip Birch, chairman, said. In California the Kuskin chain of 20 shoe stores was acquired and the company planned to expand the chain with a further three stores in 1982 and three more in 1983. In the US, both Kuskin's and Schles' retail sales were "well ahead" of last year.

He reported that he was pleased with the sales performance so far of the Kiltie brand of children's shoes, purchased with the Norvic brand in 1981. In the UK the chain of 100 Wyley shops was showing an increase of 20 per cent, which, Mr Birch said, trade statistics showed to be better than the general trend.

Elson and Robbins loss cut

Despite trading conditions throughout the opening half remaining difficult, Elson and Robbins managed to reduce its pre-tax losses from £283,201 to £177,797 in the six months to March 31, 1982. There are no exceptional write-offs this time as was the case in 1981. The interim dividend is again being passed - last year there was a nominal final dividend of 0.1p from pre-tax losses of £106m.

How to Know when Shares are Strongest

Intimidation Tactics which have Created Classic Bargains

Americans as the most prolific of global investors delight in repeating the same strategic stock-market errors at the same horrendous cost in terms of capital and time which add up to gains to the professional minority.

Elson and Robbins feel equity in abroad for fear of spontaneous turnarounds, and thus helped establish a cyclical bottom at 750 on the Dow-Jones scale from which issues such as Control Data and Intertel have since recovered.

The manufacturing division has fallen from 82m to 58.1m at half-year, with the figure six months earlier.

Group borrowings were 22m at March 31, 1982 compared with the figure six months earlier.

For the first half was up from £17,259 to £22,780, and after minorities of £10,756 (£7,399), the group's attributable loss was £22,338 (£1.25m), which included extraordinary debits of £281,000. The loss per 25p share was down from 6.2p to 2.17p.

Higher profits were returned by Tranwood Group for the year to March 31, 1982, the pre-tax figure emerging at £164,000, against £129,000 previously. mid-year profits were £74,000 ahead and an improvement was anticipated for the full year.

Turnover for the 12 months declined from £8.61m to £5.94m. Tax took £44,500 (£10,000 credit) but there was an extraordinary credit of £80,000 (£6,000 debit), including deferred consideration received regarding the disposal of subsidiaries. Minorities took £40,000 (£9.000).

Stated earnings per 50p share were 0.83p (0.825p) basic and 0.95p (0.95p) fully diluted. There is again no dividend - the last payment was in 1978. Pre-tax profits on a CCA basis were £128,000 (£98,000). The group manufactures and distributes busiess and associated products.

Cluff Oil

A profit after tax and extraordinary items has been reported by Cluff Oil for 1981. A surplus of £121,000 has been shown compared with previous losses of £1.06m. At the interim stage last June losses after tax of this U.K. high-technology business in force and new premiums in the first four months were up by 20 per cent on last year.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 **Group** **Company** **Price Change** **div. (p)** **Actual taxed** **Fully**

120 120 Ass. Brit. Ind. Ord. 120 — 5.4 10.3 13.4

130 100 Ass. Brit. Ind. CIL 128 — 10.0 7.8 —

75 62 Airsprung 71 — 5.1 8.6 8.1 13.9

51 33 Armitage & Rhodes 41 — 4.3 10.5 8.1 12.7

215 187 Borden HSE 205 — 15.7 14.4 12.7

108 240 Cimcra Group 265 — 26.4 10.0 10.7 12.9

104 61 Deboral Services 61 — 6.0 9.8 3.0 5.7

131 97 French Horse 130 — 6.4 9.9 11.7 24.1

82 33 Goss 55 — 6.4 8.5 3.8 5.2

102 95 H. J. P. Ind. Precision Castings 99 — 7.3 7.4 7.1 10.8

110 105 Jels Conv. Prof. 110 — 15.7 14.3 12.8 18.2

112 94 Jackson Group 112 — 7.5 7.1 5.2 8.7

115 108 Jelco 115 — 2.2 2.2 2.2 2.2

234 200 Robert H. 230 — 31.3 13.6 3.2 8.1

71 51 Scrutons "A" 71 — 5.7 8.0 8.2 11.1

222 158 Twinday & Carlisle 158 — 11.4 7.2 7.1 12.2

16 10 Twinday & Carlisle 16 — 16.0 18.2 —

44 26 Unilever Holdings 25 — 3.0 12.0 4.5 7.6

103 73 W. S. Yeates 84 — 6.4 7.5 5.5 7.6

283 212 W. S. Yeates 236 — 14.5 6.1 6.2 12.4

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

British Petroleum sold its 15 per cent stake in the North Sea field to London and Scottish Marine Oil for £75m. The deal came as no surprise, BP having admitted earlier in the year that it was thinking of selling the interest for which it had received a number of approaches.

James Fisher, the shipping and marine services group, agreed in principle to acquire a number of shipping activities from Hunting Gibson for £3.65m. Fisher will buy Gibson's Westfield Shipping subsidiary, the business of Hunting Star Management, and a general purpose vessel engaged in coastal and short-sea trade.

St George's Group, the linen hire concern, received an approach which may lead to an offer for the company. Further details of the negotiations are expected shortly. Spring Grove, the cleaning group, is widely rumoured to have made the approach.

Deals in fastener distributor P. and W. MacLellan were suspended at 36p on Tuesday at the company's request pending details of an acquisition.

Company Value of Price Value Dividends* **PRELIMINARY RESULTS**

Company Value of Price Value Dividends* **PRELIMINARY RESULTS**</p

Companies and Markets

Oerlikon plans to cut workforce

By John Wicks in Zurich

OERLIKON - BUEHLER, the Swiss armaments-to-farmer diversified group, profits collapsed last year from Swissfr 18.6m to Swissfr 2.4m (\$11.7m), is to lay off around 3 per cent of its workforce.

The redundancies centre on 300 workers at the engineering company, Werkzeugmaschinenfabrik Oerlikon-Buehler, which suffered a 29 per cent drop in sales last year and incurred "heavy" operational losses.

The company, which makes up a large segment of Oerlikon's armaments division, does not this year expect to meet the sales and earnings targets it set itself.

Weak weapons demand coupled with the rapidly rising cost of development were the main excuses given by the group when announcing its 1981 results earlier this year. The profit setback led Oerlikon to cut its dividend by a third to 10 per cent.

At the annual meeting in May shareholders were told that the chances of a recovery this year were limited.

Prospects were "not very positive," Oerlikon said, and also made it clear that the group accounts would have fallen into the red had certain development costs not been excluded from the profit and loss reckoning.

Swiss fabrics group incurs further loss

By Our Zurich Correspondent

GARDINETTE, the Swiss soft-fabrics producer, booked a further loss of Swissfr 13.5m (\$6.8m) in the year ended March 1982, bringing the total deficit to Swissfr 18.3m. The board is to ask the annual meeting on June 25 to approve the freeing of Swissfr 18m of reserves to cover most of the losses.

A statement attributes the setback to weak demand plus the cost of restructuring.

Turnover dropped by 15 per cent last year to Swissfr 94m, about one-half of the decrease being the result of the strength of the franc.

COMMODITIES/REVIEW OF THE WEEK

Tin prices plunge as pact talks fail

By OUR COMMODITIES STAFF

TIN PRICES came under renewed pressure on the London Metal Exchange yesterday, following news that the Geneva conference debating the adoption of the proposed new International Tin Agreement had been adjourned until June 23. The decision to adjourn the talks, after two days, came when it became evident that the rift was too wide between producing and consuming countries about the new pact, which is supposed to come into force when the existing agreement expires on June 30. Malaysia, the world's biggest tin producer, claimed that it could not make a definite commitment at this stage, and the U.S. and Bolivia have already decided not to join.

The possible collapse of the agreement encouraged aggressive selling in the London market, where there was little evidence of support buying by the buffer stock of the Interna-

tional Tin Council. The buffer stock is believed to be using its shrinking resources to concentrate on keeping the Straits tin price in Penang just above the agreement's "floor" level of \$28.15 a kilo. In London, meanwhile, cash tin plunged by \$30 yesterday to \$5.90 a tonne, a loss of \$655 on the whole week and the lowest level since May last year.

Copper prices also came under renewed pressure this week.

Higher grade cash closed \$12

down on the week at \$738 a tonne, depressed by further cuts in U.S. domestic copper selling prices and continued lack of demand.

However, the market recovered yesterday, after news of the U.S. budget making progress through Congress. This also helped rally lead and zinc, which had fallen earlier in the week.

Another cut in the European zinc producer prices, from \$860

to \$800 a tonne, was announced

by Metallgesellschaft, and followed later by two other smelters, Preussag and Pemaroya.

Ontario Labour Minister called a meeting between International Nickel and union representatives to see if an end to the strike that started on June 1 could be negotiated.

Forecasts of lower EEC production next season failed to halt the decline in world sugar values.

The Dutch Agriculture Minister told the European Beet Growers' Conference in Amsterdam that the 15m tonne 1981-82 crop was "exceptional" and Brussels experts forecast the 1982-83 output at 11.75m tonnes.

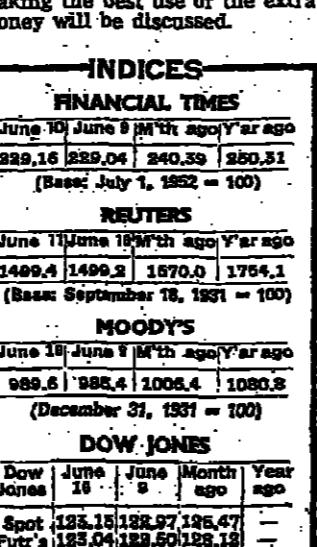
But the London dairy raw sugar price still fell \$5 to \$96 a tonne, the lowest level since August 1979.

Yesterday prices rallied marginally on the London futures market but trading was thin with many leading dealers in Paris for an international sugar trade dinner.

Cocoa prices declined on disappointment that the settlement of a \$75m loan agreement between a Brazilian bank group and the International Cocoa Organisation (ICCO) did not result in the immediate support buying.

The September position on the London futures market ended 57 down on the week at \$905 a tonne.

Renewal of buffer stock operations stalled since existing funds ran out several months ago, will be delayed until after the next meeting of the ICO council on July 8-16, when strategies for making the best use of the extra money will be discussed.



INTERNATIONAL COMPANIES and FINANCE

Alfa Romeo runs up heavy deficit as unit sales fall

By RUPERT CORNWELL IN ROME

THE REDUCED unit sales of Alfa Romeo, Italy's long-troubled car maker, collapsed last year from Swissfr 18.6m to Swissfr 2.4m (\$11.7m), is to lay off around 3 per cent of its workforce.

The redundancies centre on 300 workers at the engineering company, Werkzeugmaschinenfabrik Oerlikon-Buehler, which suffered a 29 per cent drop in sales last year and incurred "heavy" operational losses.

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Prospects were "not very positive," Oerlikon said, and also made it clear that the group accounts would have fallen into the red had certain development costs not been excluded from the profit and loss reckoning.

TIGER OATS wins contest for Monis and Fattis

By Jim Jones in Johannesburg

THE FIGHT between South Africa's two largest food groups, Tiger Oats and Premier Group, over who should control the flour miller and pasta maker, Monis and Fattis, has ended in an out-of-court settlement. Tiger Oats has emerged as the winner with an offer of 990 cents a share for Monis and Fattis' payment to Premier of R5.4m (\$4.9m) in full settlement of the claims it may have had over Monis' shares.

Monis is the last independent flour miller with a Johannesburg Stock Exchange quote and has 2.82 million ordinary shares in issue. Of these, 81 per cent were owned by the private family company, Monis Brothers.

The first move in the fight for the group which was considered to be strategically important to both contestants was an R220 cents a share bid for 51 per cent of the equity. This was accepted on behalf of Monis Brothers by its chairman, Mr John Moni, who said he had the support of 75 per cent of that company's voting shares. How ever, when Tiger countered with

a 120 cents a share bid for 51 per cent of the Monis equity, this bid, too, was accepted.

This sent Tiger and Premier scurrying to their lawyers and raised the prospect of an extensive and protracted legal hassle. However, the matter has now been settled out of court. Tiger has acquired the entire share capital of Monis Brothers and thus, effectively, 81 per cent of Monis and Fattis and is to offer 990 cents a share to minority shareholders for their interests.

The total price Tiger will have to pay for Monis and Fattis is R33.3m, of which R27.7m will be for the shares if all minorities accept the bid, and R5.4m in settlement of Premier's claims.

In the year ended January 1981, Monis' turnover was R42.2m and its pre-tax profit R2.2m. By way of contrast, in the 14 months to February 1982, Tiger's turnover was R1.63m and its pre-tax profit R1.06m.

Control of Tiger is, meanwhile, in the process of being transferred to the Barlow Rand group by means of cross-shareholdings.

Monis' turnover in 1980, Hopes are also pinned on the new Alfa-Nissan vehicles to be assembled at a new plant near Avellino in Southern Italy. The first cars, whose Japanese content will be 20 per cent, are due to roll off the production line in the second half of next year.

Alfa, moreover, is banking on economies of scale from the components' agreement expected shortly with Fiat, Italy's biggest car manufacturer, and from allocations of funds from the new government facility to help technological innovation.

Some signs exist that 1982 might be witnessing a slight improvement. In the first four months, domestic car registrations climbed to 45,807 units, equivalent to 6.9 per cent of the Italian market, against 6.5 per cent for the whole of 1981.

Alfa's plight reflects the com

petition of soaring labour costs at home and the inability to increase prices as it would have liked, as a result of fierce competition both in Italy and abroad.

During 1981 sales at home slipped by more than 6 per cent from 120,000 units to 112,000, while export deliveries suffered a similar contraction, to 54,000 units from 60,000 in 1980. Consequently total sales fell below the 200,000 mark from 210,000 in 1980 and 220,000 in 1979.

In monetary terms, turnover contracted to L1.54bn in sharp contrast to the previous year's increase of 21 per cent to L1.67bn.

One bright spot was the success of Alfasud, the troubled operation based at Pomigliano d'Arco, near Naples, in reducing its debt to L2bn from

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Alfa's plight reflects the com

Triumph Adler sees recovery

By Alan Friedman

WEST GERMANY banks yesterday imposed a two-week freeze on the issue of around DM 800m of new Euro-D-mark bonds which had been scheduled under the DM 1.95bn five-week calendar for July 1.

The decision, taken by the West German Sub-committee on Capital Markets, represented the first time in a year such a freeze had been felt necessary.

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AOG 1 0/80

Aberlour 275 (7/81)

Acer 426 (7/81)

Aldine Group Australia 68 (8)

Amerada Hess 10221 (1/82)

American Cyanamid 274 (2/81)

Ampol Petroleum 759 5 (8/81)

Anadarko Petroleum 150 (1/82)

Anadarko Petroleum 257 (2/81)

Anadarko Water 1.500c (2/81)

Anadarko Water 2.500c (2/81)

Anadarko Water 3.500c (2/81)

Anadarko Water 4.500c (2/81)

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Anadarko Water 6.500c (2/81)

Anadarko Water 7.500c (2/81)

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LONDON STOCK EXCHANGE

Middle East ceasefire reverses recent market decline Gilts lead aided by US events but equities also rally

Account Dealing Dates

Opinion
First Declares - Last Account
Deals - Last Dealings Day
June 7 June 17 June 18 June 26
June 21 July 1 July 2 July 26
July 5 July 15 July 16 July 26
New time - dealing may take
place from 9 am two business days
earlier.
48 48 48 48 48 48

Unexpected news of the Middle East ceasefire caused London equity markets to change direction yesterday. Initially, leading shares had continued the previous two-day easier trend on concern over the situation. Worries about mounting upward pressures on domestic wages and extent of recent British losses in the Falklands were other deterrents to potential investors.

The reported modest progress towards resolving the prolonged conflict over the Falklands, and the U.S. budget deficit made little impact on equity markets but Gilts-edged markets, aware that U.S. bonds had responded sharply on Thursday to the development, began on a more cheerful note. The receipt of Middle East reports of the truce shortly after the opening supported both main investment areas and tempted some investors to part with funds.

This applied, particularly to Gilts-edged, which experienced increased activity not only on switching account but also in straight investment demand. Sterling's good recovery yesterday was a helpful influence and longer-dated stocks regained as much as 2 of the losses incurred earlier in the week. The shorts recouped a maximum of 1 and the new short tap, 130p paid Treasury 121/2 per cent convertible 1986, which made its debut on Thursday, improved 1 to 301/2. The Government broker refused a bid of 301/2 for supplies of the stock.

In the wake of a strengthening Gilts-edged market, leading shares became more confident with hopes hardening that Wall Street might stage a good rally at the opening from recent low levels. This was confirmed in the after-hours' trade and London values closed at the day's best: the FT Industrial Ordinary share index measured the shift in attitude by reversing an early fall of 2 to 4 on 57.5 higher on balance at 584.2. This represents a loss of only 3.6 on the week, but is nearly 10 points down on Tuesday's close.

Illustrating the better market feeling after mid-week rumours of broking difficulties, which incidentally faded completely yesterday, Food Retailers opened 10p higher on balance at 33p, but failed to close unchanged on the day.

Renewed investment demand

from one particular quarter took Antofagasta Railway up 6 points to a peak for the year of 592.

Minet active

The subject of strong speculative buying late on Thursday on talk of a 25p down raid to 100p, was possibly from Common and Block of the U.S. which already own a 20 per cent stake in the company. Minet improved to a fresh 1982 peak of 233p before reacting to 200p in the absence of developments before rallying sharply in active trading to end the day a net 6 lower at 215p, still 19 up on the week.

C. E. Heath, recently mentioned as a possible merger partner for Minet, also found good support and advanced 13 to 338p, while Willis Faber were notable for a gain of 11 to 493p, after 48p.

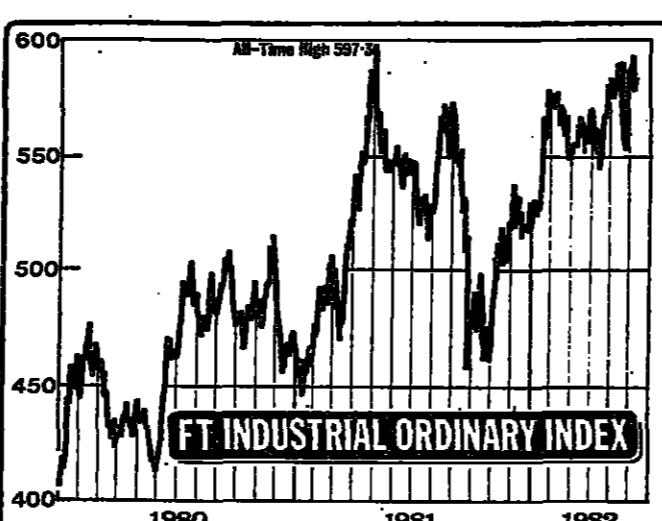
Life issues performed well, reflecting Liberty Life Association of Africa's increased stake in 24 per cent in the company. Sun Life jumped 16 to 356p, while Legal and General, 270p, and Equity and Law, 405p, firmed 10 apiece. Composites contributed to the overall buoyancy and Royals, still drawing strength from an investment recommendation, closed 13 to the good at 360p. Sun Alliance put on 10 to 783p as did Phoenix, 254p.

The major clearing banks ended the week on a quiet firm note. Barclays regained 5 to 470p and Lloyds rallied 4 to 394p. After Thursday's disappointing debut, Midland's 25p paid 14 per cent Unsecured Loan stock 2002/07 opened at 1p discount and rallied close at 1p discount. Estate agent Bairstow Eves, which staged an active and successful debut on Thursday found further support and firmed 4 to 55p compared with the offer price of 46p.

A little more interest developed in Breweries with leading issues recording occasional small improvements. Whitbread A edged up 2 to 123p, while Bass, a penny harder at 236p, were looking steadier after recent weakness following the interim figures. Elsewhere, Distillers rallied 2 to 180p, while H. P. Bulmer edged up 3 to 440p for a rise of 33 on the week.

Significant movements in Buildings were confined to secondary issues. Tilbury Group met further support on persisting bid hopes and, in a thin market, gained 10 for a jump on the week of 40 to 545p, on Thursday. Sonic Sound fell 4 to 44p, after 10, making a decline of 18 on the week after comment on the interim results: the 1982 high was 129p. Elsewhere in Stores, Church shed 5 to 182p as did Pollex Peck, to 360p. Wearwell eased 2 to 57p following the half-year results.

Inclined easier initially, leading Engineers rallied 10 to 238p, in response to the preliminary profits which were above recent pessimistic forecasts. Other miscellaneous industrial leaders



profits. On the other hand, William Leech, a dull market, since announcing poor results, shed a penny more for a fall on the week of 7 to 60p. The leaders staged a modest recovery in placed after the previous day's shake-out. Barratt Developments gained the turn to 300p on hopes of an early cut in mortgage rates.

ICI met a reasonable level of support in early trading and firmed 4 to 325p, while Fisons firmed 10 to 235p. Amersham also added 2 to 216p, but Cotes Brothers a steady 1p to 51p. Dealings in Speedwell Gear Case were temporarily suspended at 265 pending the announcement of a 10p cut.

Disappointment with the level of application for the Argyle Foods share offer to finance the acquisition of Allied Suppliers prompted early dullness in Food Retailers, but most issues steadied to close virtually unchanged on balance. J. Sainsbury reacted to 615p before picking up to close unaltered at 630p, while Associated Dairies settled a couple of pence off at 125p. Sanchi and Satchell lost 5 to 410p and the new nil paid shares a like amount to 80p premium, but Geers Gross put on 8 to a 1982 peak of 156p. Olives Paper Mill added 2 to 32p following a Press mention.

Renewed demand in a restricted market lifted book publishers Routledge and Keegan Paul 20 for a gain on the week of 65 to 1982 peak of 245p. Sanchi and Satchell lost 5 to 410p and the new nil paid shares a like amount to 80p premium, but Geers Gross put on 8 to a 1982 peak of 156p. Olives Paper Mill added 2 to 32p following a Press mention.

Properties, which had been trading steadily at 130p, were again actively traded: the old touched 226p before settling at a penny dearer on balance at 225p, while the new nil paid shares added a couple of pence to 55p premium.

Pilkington rally

Nervously sold of late awaiting the annual figures, Pilkington rallied 10 to 238p, after 242p, in response to the preliminary profits which were above recent pessimistic forecasts. Other

miscellaneous industrial leaders

recovered from a dull start. Turner and Newall improved 3 to 66p on the possible sale of its PVC resins business in County Durham to Norsk Hydro for around £25m. Glaxo put on 5 to 716p. Elsewhere, recovery hopes in the wake of the poor results helped UKO International to rally from a modestly depressed level of 35p to finish 3 up at 42p, while Erdkraft House advanced 4 to 55p on hopes of a bid from Solarosa S.A. (Spain). Speculative buying lifted Avon Rubber 4 to 29p and helped Johnson Cleaners to pick up 6 to 23p. Jardine Matheson rose 11 to 173p in response to Press comment and Diploma firmed 6 to 268p on defence spending hopes. Brown Boveri Kent hardened 24 to 30p following the chairman's AGM statement but Burco Dean fell 3 to 25p on the increased loss. Sotheby's dipped 5 for a two-day relapse of 17 at 270p on further consideration of the U.S. rationalisation moves. Dealing in London Products were suspended at 11p prior to a later announcement that a receiver had been appointed.

Recently dull on reports of falling holiday bookings, Heron Travel rallied 7 to 205p; yesterday, the company announced the acquisition of five Boeing 737s for about \$120m. Pleasure, unsettled of late by police raids on two of the company's casinos, improved 12 to 240p.

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Marinex good

Leading Oils took a distinct turn for the better, the late tone being helped by initial firmness on Wall Street. Shell rose 8 to 425p and British Petroleum 4 to 316p. Ultramar advanced 15 to 190p, while Esso put on 8 to 250p, both companies dealt 2 to 51p; both companies are dealt in the Unlisted Securities Market.

Marinex featured with a gain of 13 to 125p awaiting next week's expected Humble Grove drilling report, while Canadecca firmed 9 to 237p and Carless 4 to 160p. Renewed demand in a thin market prompted a further rise of 15 to 205p in Sun (UK) Royalty.

In Overseas Traders, Sime Darby closed 3 higher at 54p. Trusts recorded small irregular movements. Among Financials, R. P. Martin gave up 7 to 10, the good at 330p. Elsewhere, Marinex featured with a gain of 13 to 125p awaiting next week's expected Humble Grove drilling report, while Canadecca firmed 9 to 237p and Carless 4 to 160p. Renewed demand in a thin market prompted a further rise of 15 to 205p in Sun (UK) Royalty.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS

High	Low	Stock	Price	Yield	Vol.	Ref.
"Shorts" (Lives up to Five Years)						
265	255	Exch. Corp 1982	96.5	9.36	13,54	
255	245	Exch. Corp 1983	96.5	9.39	11,94	
255	245	Treasury 12m 1983	95.5	9.28	11,63	
255	245	Treasury 3m 1983	95.5	9.45	11,63	
255	245	Treasury 12m 1984	95.5	10.11	13,30	
255	245	Funding 5m 1982-84	96.5	9.84	12,26	
255	245	Exch. Corp 1984	96.5	11.48	12,26	
255	245	Exch. Corp 1985	96.5	11.48	12,26	
255	245	Treasury 12m 1984	96.5	11.48	12,26	
255	245	Exch. Corp 1985	96.5	11.48	12,26	
255	245	Treasury 12m 1985	104	14.42	12,14	
255	245	Treasury 3m 1985	104	14.42	12,14	
255	245	Treasury 11m 1985	104	14.42	12,14	
255	245	Exch. Corp 1985	104	14.42	12,14	
255	245	Treasury 12m 1986	104	14.42	12,14	
255	245	Exch. Corp 1986	104	14.42	12,14	
255	245	Treasury 12m 1986	104	14.42	12,14	
255	245	Exch. Corp 1987	108	13,64	12,14	
255	245	Funding 6m 1987	104	13,64	12,14	
255	245	Do. A.	104	13,64	12,14	
255	245	Hire Purchase, etc.	104	13,64	12,14	
255	245	Five to Fifteen Years	72.5	9.70	11,63	
255	245	Treasury 12m 1987	72.5	9.70	11,63	
255	245	Treasury 7m 1987	72.5	12.48	12,21	
255	245	Transport 7m 1988	65.5	4.38	12,21	
255	245	Treasury 11m 1987	72.5	12.78	12,21	
255	245	Exch. Corp 1987	72.5	12.78	12,21	
255	245	Treasury 12m 1987	72.5	12.78	12,21	
255	245	Exch. Corp 1988	72.5	12.78	12,21	
255	245	Treasury 12m 1988	72.5	12.78	12,21	
255	245	Exch. Corp 1989	72.5	12.78	12,21	
255	245	Treasury 12m 1989	72.5	12.78	12,21	
255	245	Exch. Corp 1990	72.5	12.78	12,21	
255	245	Exch. 12m 1990	72.5	12.78	12,21	
255	245	Treasury 12m 1990	72.5	12.78	12,21	
255	245	Exch. Corp 1991	72.5	12.78	12,21	
255	245	Treasury 12m 1991	72.5	12.78	12,21	
255	245	Exch. Corp 1992	72.5	12.78	12,21	
255	245	Treasury 12m 1992	72.5	12.78	12,21	
255	245	Exch. Corp 1993	72.5	12.78	12,21	
255	245	Treasury 12m 1993	72.5	12.78	12,21	
255	245	Exch. Corp 1994	72.5	12.78	12,21	
255	245	Treasury 12m 1994	72.5	12.78	12,21	
255	245	Exch. Corp 1995	72.5	12.78	12,21	
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255	245	Exch. Corp 1996	72.5	12.78	12,21	
255	245	Treasury 12m 1996	72.5	12.78	12,21	
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255	245	Treasury 12m 1997	72.5	12.78	12,21	
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255	245	Exch. Corp 2001	72.5	12.78	12,21	
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255	245	Treasury 12m 2005	72.5	12.78	12,21	
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255	245	Exch. Corp 2007	72.5	12.78	12,21	
255	245	Treasury 12m 2007	72.5	12.78	12,21	
255	245	Exch. Corp 2008	72.5	12.78	12,21	
255	245	Treasury 12m 2008	72.5	12.78	12,21	
255	245	Exch. Corp 2009	72.5	12.78	12,21	
255	245	Treasury 12m 2009	72.5	12.78	12,21	
255	245	Exch. Corp 2010	72.5	12.78	12,21	
255	245	Treasury 12m 2010	72.5	12.78	12,21	
255	245	Exch. Corp 2011	72.5	12.78	12,21	
255	245	Treasury 12m 2011	72.5	12.78	12,21	
255	245	Undated	72.5	12.78	12,21	
255	245	Corporate 4%	12.75	—	11,63	
255	245	Bank Loan 25%	12.75	—	11,63	
255	245	Can. 3% 1st 5%	12.75	—	11,63	
255	245	Treasury 5% 5%	12.75	—	11,63	
255	245	Do. 2nd 5%	12.75	—	11,63	
255	245	Index-Linked & Variable Rate	12.75	—	11,63	
255	245	Treasury 11m 1981	12.75	—	11,63	
255	245	Exch. Corp 1981	12.75	—	11,63	
255	245	Treasury 12m 1981	12.75	—	11,63	
255	245	Exch. Corp 1982	12.75	—	11,63	
255	245	Treasury 12m 1982	12.75	—	11,63	
255	245	Exch. Corp 1983	12.75	—	11,63	
255	245	Treasury 12m 1983	12.75	—	11,63	
255	245	Exch. Corp 1984	12.75	—	11,63	
255	245	Treasury 12m 1984	12.75	—	11,63	
255	245	Exch. Corp 1985	12.75	—	11,63	
255	245	Treasury 12m 1985	12.75	—	11,63	
255	245	Exch. Corp 1986	12.75	—	11,63	
255	245	Treasury 12m 1986	12.75	—	11,63	
255	245	Exch. Corp 1987	12.75	—	11,63	
255	245	Treasury 12m 1987	12.75	—	11,63	
255	245	Exch. Corp 1988	12.75	—	11,63	
255	245	Treasury 12m 1988	12.75	—	11,63	
255	245	Exch. Corp 1989	12.75	—	11,63	
255	245	Treasury 12m 1989	12.75	—	11,63	
255	245	Exch. Corp 1990	12.75	—	11,63	
255	245	Treasury 12m 1990	12.75	—	11,63	
255	245	Exch. Corp 1991	12.75	—	11,63	
255	245	Treasury 12m 1991	12.75	—	11,63	
255	245	Exch. Corp 1992	12.75	—	11,6	

INDUSTRIALS—Continued

LEISURE—Continued

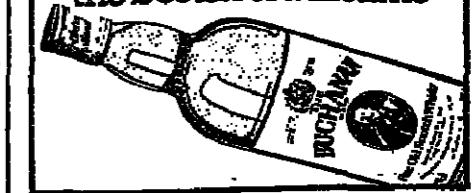
PROPERTY—Continue

INVESTMENT TRUSTS-Cont.

OIL AND GAS—Continued

Buchanan's

the Scotch of a lifetime



MINES—Continued

Central Africa

REGIONAL AND IRISH

STOCKS



FINANCIAL TIMES

Saturday June 12 1982

R **T** Property Investment, Development and Construction
Rush & Tompkins
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MAN IN THE NEWS

Bloody and daring warrior

BY DAVID LENNON
IN TEL AVIV

THE ARCHITECT of the Israeli blitzkrieg on Lebanon, General Ariel "Arik" Sharon, is either a military genius or bloodthirsty megalomaniac depending on who you talk to in Israel. The former paratrooper who last year finally fulfilled one of his dreams by becoming Israeli Defence Minister, has been described as "a war looking for a place to happen."

This week the war happened and the Middle East looked once again to be on the brink of causing a super power confrontation as Israel's American backers tried to fend off Soviet threats about intervention if the Israelis attacked Syria.

Former defence minister Ezer Weizman depicts Sharon as a man "striding through life: a man who tends to leave behind him a wide swath of bitter enemies, disappointed sympathisers and fervent admirers."

"Arik, King of Israel" the adoring mob called him after he led his troops in a dramatic

Continued on page 21



U.S. rules against Europe over subsidies on steel

BY ANATOLE KALETSKY IN WASHINGTON AND GILES MERRIT

THE U.S. Commerce Department has ruled that European steel exporters benefit from unfair government subsidies in violation of international trading agreements.

With immediate effect it will require payments from individual exporters equal to their levels of subsidy in a momentous challenge to European trading and industrial policies.

British Steel, the EEC corporation found to have the highest subsidy, will have to pay 40.36 per cent of the market value of its exports to the U.S. The British private steel industry was found to be unsubsidised and will not suffer countervailing duties.

Most French and Belgian exporters will have to make payments of about 20 per cent. Subsidies to West German manufacturers have been found to be small—0.6 per cent, in the case of Krupp and negligible for Thyssen, the country's biggest steelmaker.

Announcing the findings yesterday, the Commerce Department said it was well aware of the far-reaching significance of the decisions.

Mr Lionel Olmer, Under-

against EEC steelmakers in the next few months, but it is plain Brussels now sees the importance of the steel row as political.

Mr Gary Horlick, the official primarily responsible for the investigations, said the U.S. actions were so important to the Europeans "that they will have to challenge us."

He insisted that U.S. decisions are entirely compatible with the General Agreement of Tariffs and Trade and said that if the Europeans could find U.S. products benefiting from government subsidies which violate GATT they would be "fully within their rights to impose countervailing duties."

In Brussels Vice-Count Etienne Davignon, the EEC Industry Commissioner, made it clear that direct retaliatory action against U.S. agricultural products—which constitute the bulk of U.S. exports to the Community—is not envisaged.

The damage the U.S. duties will do to European steelmakers' sales there is far from clear, Mr Davignon said.

The European Commission is to mount its own legal surveillance of the U.S. procedures

in Brussels

Page 4: Sodash dumping probe, Page 2: Johnson and Firth Brown results and news analysis, Page 18

Reagan launches 'Berlin initiative'

By Leslie Collitt in Berlin

PRESIDENT REAGAN yesterday proposed wide negotiations with the Soviet Union to reduce the dangers of an accidental nuclear attack and to convene a European disarmament conference.

Mr Reagan launched what he called a "new Berlin initiative" of confidence-building measures in East and West during a three-hour visit to West Berlin which ended his nine-day European tour.

As he spoke to 20,000 West Berliners in the grounds of Charlottenburg Palace, clashes took place outside between demonstrators and police.

Petrol bombs were thrown and the police used teargas and water cannon. There were 280 arrests.

In the palace grounds, the invited audience waved American flags and roared approval as the President quoted the popular song "Berlin bleibt/clock Berlin" (Berlin stays Berlin).

Mr Reagan said he would propose to Moscow that the two superpowers exchange advance information on strategic nuclear exercises and test-firing of nuclear missiles.

The President said the U.S. was ready to work with the Soviet Union in "peaceful cooperation" if the Soviet leaders were prepared to do the same.

He reiterated that the U.S. was ready to cancel its deployment of Pershing II and cruise nuclear missiles in Western Europe if the Soviet Union scraps its SS4, SS5 and SS20 medium-range missiles.

He repeated an offer made in Bonn that Nato and the Warsaw Pact reduce their combined ground and air forces in central Europe to 800,000 men each.

If Moscow responded positively to these proposals, Mr Reagan said it could open the door to a European disarmament conference.

His proposals appear to go some way to assuaging the fears of many Europeans and Americans that his Administration was seeking nuclear parity with Moscow on a higher level of missiles and warheads.

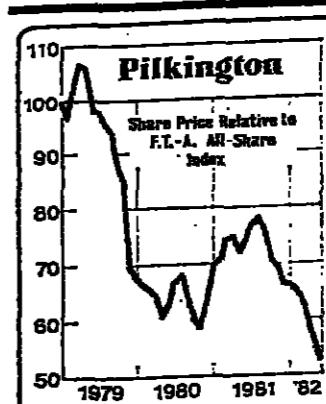
Mr Reagan earlier visited Checkpoint Charlie, the Berlin Wall's only road crossing for non-Germans to East Berlin.

In his speech he said: "I would like to ask the Soviet leaders one question—may I stuff it in a bottle and throw it over the wall—why is that wall there? Why are they afraid of freedom on their side? The truth is that they know that freedom is catching."

THE LEX COLUMN

Pilkington feels the draught

Index rose 5.7 to 584.2



U.S. associate Cannon-Musco, 200, and the contribution from associates has fallen to negligible levels.

Cash management remains the company's strong suit, and the outflow in the last six months has been held to £1.4m. Nevertheless, the drain on resources has pushed up net debt from 75 per cent to 83 per cent of shareholders' funds, so it looks as if more disposals are on the cards. Meanwhile, short-term relief looks unlikely; profit remains difficult and the offshoot of industry may prove a poor customer. Investors who took

up on the loan stock—which offered a 3% per cent redemption yield at the beginning of the year—can begin to congratulate themselves. Perhaps they should consider switching their winnings into the ordinary stock, down from 23p earlier in the year, to 12p, unchanged yesterday, where the company is capitalised at about £10m.

Turner & Newall

Turner & Newall has made little secret of its urgent need to release cash by the disposal of unproductive assets. The problem has been to identify businesses which can be sold off close to book value. With net debt equivalent to roughly 50 per cent of shareholders' funds and rising, write-offs are most unwelcome.

T & N is not the first company to square this apparent circle via the "fisca solution" devised by Norsk Hydro, the Norwegian energy company. Only a few months after buying the fertiliser interests of Fisons for around £50m, Norsk is paying £25m for the PVC resin and compound interests of BIP Vinyls, the T & N subsidiary. It has a further option to buy the BIP pipes business.

Norsk can integrate BIP's downstream operations with its own production strengths, but it is still paying a full price for a business which is under intense margin pressure and is unlikely to show a return for about two years. The sale is being made almost at book worth.

The proceeds will be very welcome to T & N but may not fully offset this year's underlying cash outflow. So more disposals must be on the cards. Storey Brothers, in the same industry as BIP, might be one candidate but more reorganisation is probably needed before it becomes saleable. In the meantime, Norsk Hydro cannot be short of offers elsewhere.

It is hard to see where the growth will come from this year. Licensing income, which accounted for just over half of last year's pre-tax figure, is scheduled to drop by a third as patent agreements run out. The UK loss should be much smaller, as cost benefits show and the level of redundancy payments fall. But price pressures are still intense and volume is very weak. In fibre glass insulation, the most depressed area, volume is down 10 per cent.

European flat glass capacity is still far too high, particularly since the Luxgar production came on stream, and currencies are unlikely to be much help. A devaluation of the French Franc would only intensify the pressure. In West Germany, Flachglas profits were roughly halved and, with the economy still turning down, will almost certainly be worse still this year.

The other overseas companies are still performing well, but even after a sharp reduction in the UK loss, it is hard to see Pilkington making much over £80m pre-tax this year. The balance sheet is solid enough, with shareholders' funds of £960m supporting net debt of £250m, but the chronic ACT problem will probably not encourage largesse on the dividend front. The yield at present is only 6.5 per cent.

Lesney

After soldiering on for three years, Lesney has thrown in the towel and called in the receivers. The immediate cause—an inability to rebuild its working capital—will cast a chill in the boardrooms of quite a few hard-pressed companies.

The villain of the piece is Rolls-Royce, which has cut back orders by three-quarters. Replacement business has been hard to find and prices have if anything been weakening. So the company has been running its GFM Forging Machine at a lower level of capacity—at about 80 per cent—than last year. The steel division has accordingly seen a £3m turn-round into a trading loss of £1.4m over the last two half years. The aerospace downturn has at the same time hit the

Continued on page 4

Lesney calls in receivers

BY CHARLES BATCHELOR

LESNEY PRODUCTS, makers of Matchbox models and one of the last major British toy companies, called in receivers yesterday.

The move followed a series of talks since February with companies, all foreign, to see whether they could take over Lesney as a going concern, said Mr Gordon Hay, chairman, the man brought in two years ago to sort out Lesney's problems.

Faced with a cash shortage and the impossibility of raising money by even a discounted rights issue, Lesney's board decided the only way was to seek outside support.

The decision has come at a time of problems generally for the toy industry, hit by cheap imports and pressure on margins from large, multiple stores demanding discounts. It has found itself unable to respond rapidly to quickly-

changing demand from its young customers.

Lesney has closed 10 of its 13 plants in the past 18 months, reduced staff levels by more than a third, and cut stocks and borrowings. In January last year, it employed 5,500 people.

But its bank borrowings rose to more than £20m as the new management's success in disposing of assets increased the company's already high level of borrowing relative to assets, and led to worsening of financial ratios.

Lesney has been backed by a consortium of nine banks headed by Midland, which had, it was said, been contacted by a number of British companies who had expressed an interest in the business.

The company has yet to produce accounts for the year to January, but it is believed to have reduced its £18m 1980 loss to about £8m on sales £17m. News analysis, Page 4

Turner and Newall in £25m deal

BY SUE CAMERON

TURNER AND NEWALL group is planning to sell its polyvinyl chloride (PVC) plastic resins and compounds business to the Norwegian State-owned Norsk Hydro Corporation for £25m.

Both companies were presenting the deal last night as a step towards the rationalisation of Western Europe's plastics industry, which is suffering from chronic overcapacity, low demand and weak prices.

Turner and Newall, whose business was not well known for the friendship Sharon had made with David Ben-Gurion, he might well have been severely reprimanded, and his military career would have ended there and then. Sharon's actions in quietening down the Gaza Strip in the early 70s also brought criticism of excessive brutality.

In the 1973 Yom Kippur war, it was General Ariel Sharon who masterminded the canal crossing in the west bank. By orthodox military measurement, the attempt to establish a bridgehead was a disaster. Starting with a division, after 16 hours he managed to get a force of rather less than battalion strength across the canal, plus some armoured support. Just what happened, and why they were not completely wiped out by the Egyptians is not clear, but Sharon certainly created havoc behind the Egyptian lines after his crossing.

It is his qualities as a political thinker which have come under more critical scrutiny. He openly espouses the need to create a new Middle Eastern order in which Lebanon is at peace with Israel under a Christian government. Jordan he wants to turn into a Palestinian state, while all of the territories of the occupied West Bank and Gaza strip are incorporated within the boundaries of the state of Israel.

While serving as Agricultural Minister in the last Begin government he built dozens of Jewish settlements on the West Bank, to keep it in the process of being irreversibly given to Israel. Now, as Defence Minister, he has done his best to re-create a Christian dominated Lebanon. He has tried to crush the PLO, so that more moderate Palestinian elements can arise to leadership of this dispossessed people and eventually take over Jordan.

His next ambition is to be Prime Minister of Israel after Mr Begin retires. This is a prospect which fills many people in the Knesset and elsewhere with trepidation, as Sharon is not noted for his admiration of Western democratic process.

QE2 Continued from Page 1

QE2 hospital was anxious about the men of Five Brigade which was bombed while landing at Fitzroy on Sir Galahad and Sir Tristram on Tuesday night.

The Queen Mother, who had already sent her best wishes, passed on another message. She thanked the sailors, a good proportion of them still in their teens, for their tribute.

More hoopla was in store, and eyes were peeled for familiar faces in the throng as the ship neared Southampton Docks.

The 22 women in the Cunard crew of 700 had been booked for weeks in advance. One young sailor was about to see his new son for the first time and the NAAFI volunteer who had held tight to a red hot machine gun at the Ardent was looking forward to a reunion with his girlfriend. He was in for a good deal of ribbing after marching ashore to "Every Nice Girl Loves a Sailor." His girlfriend's last words to him had been: "Don't go off being a hero."

But there was much sadness amid the excitement of the day. Captain Hart-Dyke spoke of the 19 men who went down with the Coventry: "We will never forget those who died, they are part of us and will remain so."

Sister Jane Yelland of the

pointed out yesterday that the operation, which may involve 6,000 to 7,000 men on either side, was "very big" and had to be properly prepared.

Peter Riddell writes: Mrs Margaret Thatcher reiterated yesterday that Britain was "not demanding the unconditional surrender of Argentine forces." If the Argentine commander on the Falklands wished to do so,

FALKLANDS WEATHER: NW winds force 5 with 8ft waves. Partly cloudy skies with good visibility. Temps in high 30s.

OUTLOOK: W winds force 5 with 10ft waves. Mostly cloudy skies with good visibility except in scattered rain or snow showers. Temps in the 30s.

he would be allowed to withdraw all Argentine forces to the mainland "in dignity and good order. There need be no humiliation involved," she said in a letter to Mr Michael Foot, the Labour Party leader.

But she told him that she firmly rejected his call for the UK to return to the UN Security Council in the hope of resolving the Falklands crisis.

The general view at West

minster is that there will be no new diplomatic activity until

Fort Stanley has been taken.

Weather

UK TODAY

SUNNY with showers, becoming heavy in the South. London, E. and Cent. N. England, Midland.

Early mist clearing to give sunshine and showers. Max. 18C (64F).

S.E., S.W., N.W. and Cent. S. England, Wales, Channel Isles.

Heavy showers in places, sunnier intervals. Max. 15C (59F).

Lake District, N.E. England, S. Scotland, Isle of Man.

Mostly cloudy but brighter later. Max. 14C (57F).

Elsewhere. Sunny and showery. Max. 11C (52F).

Outlook: Bright intervals, showers. Cooler.

WORLDWIDE

Yesterdays' temperatures and today's forecast.

	Yesterdays' temperature	Today's temperature

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